

Integra Realty Resources
Raleigh

Appraisal of Real Property

Vacant Land

Woods Creek Road
Apex, Wake County, North Carolina 27539

Prepared For:

Duke Energy Corporation

Effective Date of the Appraisal:

November 14, 2016

Report Format:

Appraisal Report – Standard Format

IRR - Raleigh

File Number: 167-2016-0709





425.52 +/- Acres of Land

Woods Creek Road
Apex, North Carolina



December 1, 2016

Mr. Keith McGuinness, PLS
Duke Energy Corporation
550 S. Tryon Street
Charlotte, NC 28202

SUBJECT: Market Value Appraisal
 425.52 +/- Acres of Land
 Woods Creek Road
 Apex, Wake County, North Carolina 27539
 IRR - Raleigh File No. 167-2016-0709

Dear Mr. McGuinness:

Integra Realty Resources – Raleigh is pleased to submit the accompanying appraisal of the referenced property. The purpose of the appraisal is to develop an opinion of the market value as is of the fee simple interest in the property. The client for the assignment is Duke Energy Corporation, and the intended use is for asset valuation.

The subject is a parcel of vacant land containing an area of 425.52 acres or 18,535,652 square feet. The site has a split zoning and 366.82 acres of the subject is zoned R-20, Residential, which permits the development of very low density single family dwellings and to provide for limited public and institutional uses that are compatible with a very low density residential area. The remaining 58.70 acres of the subject is zoned LB, Local Business, which permits light retail uses including mixed use buildings that promote residential neighborhoods and support their daily needs. Approximately 55.39 acres of the subject property is impacted by flood plain.

The appraisal is intended to conform with the Uniform Standards of Professional Appraisal Practice (USPAP), the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute and applicable state appraisal regulations. The appraisal is also prepared in accordance with the appraisal regulations issued in connection with the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA).

To report the assignment results, we use the Appraisal Report option of Standards Rule 2-2(a) of USPAP. As USPAP gives appraisers the flexibility to vary the level of information in an

Mr. Keith McGuinness, PLS
 Duke Energy Corporation
 December 1, 2016
 Page 2

Appraisal Report depending on the intended use and intended users of the appraisal, we adhere to the Integra Realty Resources internal standards for an Appraisal Report – Standard Format. This format summarizes the information analyzed, the appraisal methods employed, and the reasoning that supports the analyses, opinions, and conclusions.

Based on the valuation analysis in the accompanying report, and subject to the definitions, assumptions, and limiting conditions expressed in the report, our opinion of value is as follows:

Value Conclusions			
Parcel	Interest Appraised	Date of Value	Value Conclusion
Southeastern Portion	Fee Simple	November 14, 2016	\$7,890,000
Northwestern Portion	Fee Simple	November 14, 2016	\$1,410,000
Total			\$9,300,000
Rounded			\$9,300,000

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

1. We assume the northwest portion of the subject is not landlocked, and has access to Winding Way through a right-of-way stub out parcel with the parcel ID: 0730-25-1655.

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. None

Mr. Keith McGuinness, PLS
Duke Energy Corporation
December 1, 2016
Page 3

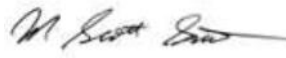
If you have any questions or comments, please contact the undersigned. Thank you for the opportunity to be of service.

Respectfully submitted,

INTEGRA REALTY RESOURCES - RALEIGH



Ian J. Searle
Trainee Real Estate Appraiser
North Carolina Certificate # T5843
Telephone: 919-847-1717
Email: isearle@irr.com



M. Scott Smith, MAI
Certified General Real Estate Appraiser
North Carolina Certificate # A7627
Telephone: 919-847-1717
Email: smith@irr.com



Chris R. Morris, MAI, FRICS
Certified General Real Estate Appraiser
North Carolina Certificate # A266
Telephone: 919-847-1717
Email: cmorris@irr.com

Table of Contents

Summary of Salient Facts and Conclusions	1	Analysis and Adjustment of Sales	46
General Information	2	Land Value Conclusion	49
Identification of Subject	2	Analysis and Adjustment of Sales	53
Sale History	2	Land Value Conclusion	55
Pending Transactions	2	Reconciliation and Conclusion of Value	56
Purpose of the Appraisal	3	Exposure Time	56
Definition of Market Value	3	Marketing Period	56
Definition of As Is Market Value	3	Certification	57
Definition of Property Rights Appraised	3	Assumptions and Limiting Conditions	59
Intended Use and User	4	Addenda	
Applicable Requirements	4	A. Appraiser Qualifications	
Report Format	4	B. Property Information	
Prior Services	4	C. Comparable Data	
Scope of Work	4	D. Engagement Letter	
Economic Analysis	6		
Wake County Area Analysis	6		
Residential Market Analysis	13		
Surrounding Area Analysis	26		
Land Description and Analysis	29		
Real Estate Taxes	38		
Highest and Best Use	39		
Valuation	41		
Valuation Methodology	41		
Sales Comparison Approach	42		

Summary of Salient Facts and Conclusions

Property Name	425.52 +/- Acres of Land
Address	Woods Creek Road Apex, Wake County, North Carolina 27539
Property Type	Land - Other
Owner of Record	Duke Energy Progress Inc.
Tax ID	0730-63-4462
Legal Description	See addenda
Land Area (Gross)	425.52 acres; 18,535,652 SF
Land Area (Usable)	370.13 acres; 16,122,863 SF
Highest and Best Use	Single-family use
Exposure Time; Marketing Period	6 to 12 months; 6 to 12 months
Effective Date of the Appraisal	November 14, 2016
Date of the Report	December 1, 2016
Property Interest Appraised	Fee Simple

Value Conclusions

Southeastern Portion - 366.82 Acres	\$7,890,000	(\$21,509/Acre)
Northwestern Portion - 58.70 Acres	\$1,410,000	(\$24,020/Acre)
Total	\$9,300,000	(\$21,856/Acre)

The values reported above are subject to the definitions, assumptions, and limiting conditions set forth in the accompanying report of which this summary is a part. No party other than Duke Energy Corporation may use or rely on the information, opinions, and conclusions contained in the report. It is assumed that the users of the report have read the entire report, including all of the definitions, assumptions, and limiting conditions contained therein.

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

1. We assume the northwest portion of the subject is not landlocked, and has access to Winding Way through a right-of-way stub out parcel with the parcel ID: 0730-25-1655.

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. None

General Information

Identification of Subject

The subject is a parcel of vacant land containing an area of 425.52 acres or 18,535,652 square feet. The site has a split zoning and 366.82 acres of the subject is zoned R-20, Residential, which permits the development of very low density single family dwellings and to provide for limited public and institutional uses that are compatible with a very low density residential area. The remaining 58.70 acres of the subject is zoned LB, Local Business, which permits light retail uses including mixed use buildings that promote residential neighborhoods and support their daily needs. Approximately 55.39 acres of the subject property is impacted by flood plain. A legal description of the property is in the addenda.

Property Identification	
Property Name	425.52 +/- Acres of Land
Address	Woods Creek Road Apex, North Carolina 27539
Tax ID	0730-63-4462
Owner of Record	Duke Energy Progress Inc.
Legal Description	See addenda
Census Tract Number	Block 1032, Block Group 1, Census Tract 534.20, Wake County, North Carolina

Sale History

The most recent closed sale of the subject is summarized as follows:

Sale Date	February 2, 1999
Seller	Emily P. Stephenson et.al.
Buyer	Duke Energy Progress Inc.
Sale Price	\$13,500
Recording Instrument Number	Deed Book 8249, Page 1397 of the Wake County Register of Deeds

Please note the property was originally purchased by Carolina Power & Light Company, which has since merged with Duke Energy Progress, Inc. The client indicated that the site was acquired over time through many transactions.

To the best of our knowledge, no sale or transfer of ownership has taken place within a three-year period prior to the effective appraisal date.

Pending Transactions

To the best of our knowledge, the property is not subject to an agreement of sale or an option to buy, nor is it listed for sale, as of the effective appraisal date.

Purpose of the Appraisal

The purpose of the appraisal is to develop an opinion of the market value as is of the fee simple interest in the property as of the effective date of the appraisal, November 14, 2016. The date of the report is December 1, 2016. The appraisal is valid only as of the stated effective date or dates.

Definition of Market Value

Market value is defined as:

“The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their own best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.”

(Source: Code of Federal Regulations, Title 12, Chapter I, Part 34.42[g]; also Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472)

Definition of As Is Market Value

As is market value is defined as, “The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal’s effective date.”

(Source: The Dictionary of Real Estate Appraisal, Fifth Edition, Appraisal Institute, Chicago, Illinois, 2010; also Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77471)

Definition of Property Rights Appraised

Fee simple estate is defined as, “Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.”

(Source: The Dictionary of Real Estate Appraisal, Fifth Edition, Appraisal Institute, Chicago, Illinois, 2010)

Intended Use and User

The intended use of the appraisal is for asset valuation. The client and intended user is Duke Energy Corporation. The appraisal is not intended for any other use or user. No party or parties other than Duke Energy Corporation may use or rely on the information, opinions, and conclusions contained in this report.

Applicable Requirements

This appraisal is intended to conform to the requirements of the following:

- Uniform Standards of Professional Appraisal Practice (USPAP);
- Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute;
- Applicable state appraisal regulations;
- Appraisal requirements of Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA), revised June 7, 1994;
- Interagency Appraisal and Evaluation Guidelines issued December 10, 2010;

Report Format

This report is prepared under the Appraisal Report option of Standards Rule 2-2(a) of USPAP. As USPAP gives appraisers the flexibility to vary the level of information in an Appraisal Report depending on the intended use and intended users of the appraisal, we adhere to the Integra Realty Resources internal standards for an Appraisal Report – Standard Format. This format summarizes the information analyzed, the appraisal methods employed, and the reasoning that supports the analyses, opinions, and conclusions.

Prior Services

USPAP requires appraisers to disclose to the client any other services they have provided in connection with the subject property in the prior three years, including valuation, consulting, property management, brokerage, or any other services. We have not performed any services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

Scope of Work

To determine the appropriate scope of work for the assignment, we considered the intended use of the appraisal, the needs of the user, the complexity of the property, and other pertinent factors. Our concluded scope of work is described below.

Valuation Methodology

Appraisers usually consider the use of three approaches to value when developing a market value opinion for real property. These are the cost approach, sales comparison approach, and income capitalization approach. Use of the approaches in this assignment is summarized as follows:

Approaches to Value		
Approach	Applicability to Subject	Use in Assignment
Cost Approach	Not Applicable	Not Utilized
Sales Comparison Approach	Applicable	Utilized
Income Capitalization Approach	Not Applicable	Not Utilized

We use only the sales comparison approach in developing an opinion of value for the subject. This approach is applicable to the subject because there is an active market for similar properties, and sufficient sales data is available for analysis.

The cost approach is not applicable because there are no improvements that contribute value to the property, and the income approach is not applicable because the subject is not likely to generate rental income in its current state.

Research and Analysis

The type and extent of our research and analysis is detailed in individual sections of the report. This includes the steps we took to verify comparable sales, which are disclosed in the comparable sale profile sheets in the addenda to the report. Although we make an effort to confirm the arms-length nature of each sale with a party to the transaction, it is sometimes necessary to rely on secondary verification from sources deemed reliable.

Inspection

Ian J. Searle conducted an on-site inspection of the property on November 14, 2016. M. Scott Smith, MAI, conducted an on-site inspection on November 14, 2016. Chris R. Morris, MAI, FRICS, has not personally inspected the property, but did review the contents of this report.

Significant Appraisal Assistance

It is acknowledged that Ian J. Searle made a significant professional contribution to this appraisal, consisting of participating in the property inspection, conducting research on the subject and transactions involving comparable properties, performing appraisal analyses, and assisting in report writing, under the supervision of the persons signing the report.

Economic Analysis

Wake County Area Analysis

Wake County is located in central North Carolina. The county is approximately 835 square miles in size and has a population density of 1,227 persons per square mile. Wake County is part of the Raleigh, NC Metropolitan Statistical Area, hereinafter called the Raleigh MSA, as defined by the U.S. Office of Management and Budget.

Population

Wake County has an estimated 2016 population of 1,025,174, which represents an average annual 2.2% increase over the 2010 census of 900,993. Wake County added an average of 20,697 residents per year over the 2010-2016 period, and its annual growth rate exceeded the State of North Carolina rate of 0.9%.

Looking forward, Wake County's population is projected to increase at a 1.7% annual rate from 2016-2021, equivalent to the addition of an average of 17,666 residents per year. Wake County's growth rate is expected to exceed that of North Carolina, which is projected to be 1.0%.

Population Trends					
	Population			Compound Ann. % Chng	
	2010 Census	2016 Est.	2021 Est.	2010 - 2016	2016 - 2021
Wake County	900,993	1,025,174	1,113,502	2.2%	1.7%
North Carolina	9,535,483	10,089,413	10,586,956	0.9%	1.0%

Source: The Nielsen Company

Employment

Total employment in Wake County is currently estimated at 525,560 jobs. Between year-end 2005 and the present, employment rose by 107,387 jobs, equivalent to a 25.7% increase over the entire period. There were gains in employment in eight out of the past ten years despite the national economic downturn and slow recovery. Wake County's rate of employment growth over the last decade surpassed that of North Carolina, which experienced an increase in employment of 8.2% or 322,843 jobs over this period.

A comparison of unemployment rates is another way of gauging an area's economic health. Over the past decade, the Wake County unemployment rate has been consistently lower than that of North Carolina, with an average unemployment rate of 5.7% in comparison to a 7.4% rate for North Carolina. A lower unemployment rate is a positive indicator.

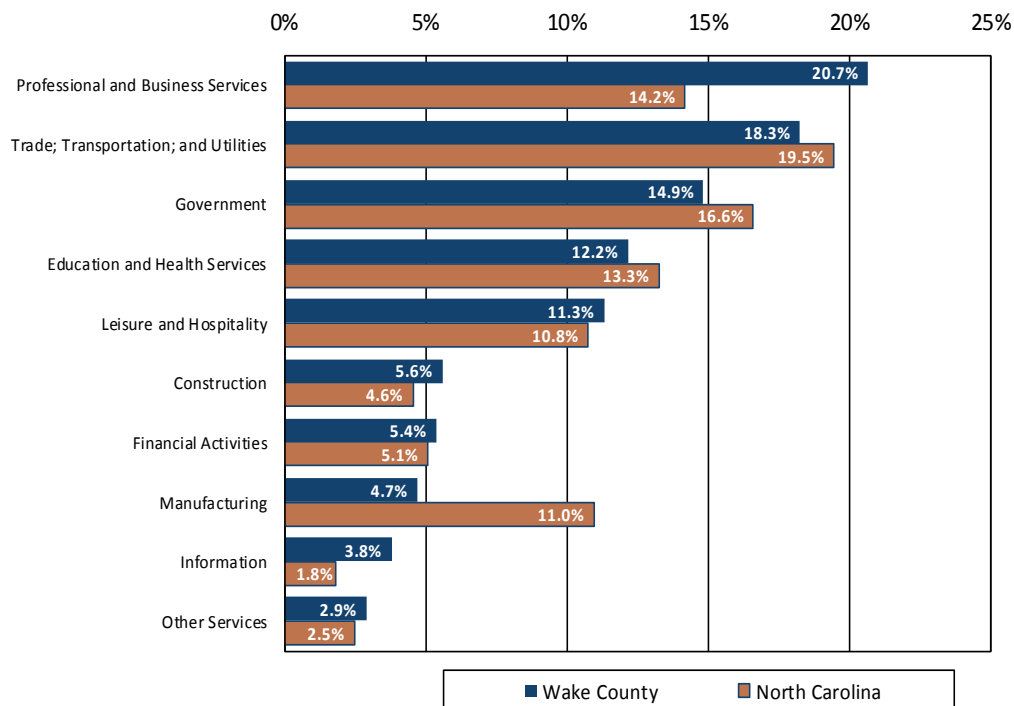
Recent data shows that the Wake County unemployment rate is 4.2% in comparison to a 5.0% rate for North Carolina, a positive sign that is consistent with the fact that Wake County has outperformed North Carolina in the rate of job growth over the past two years.

Employment Trends						
Year	Total Employment (Year End)				Unemployment Rate (Ann. Avg.)	
	Wake County	% Change	North Carolina	% Change	Wake County	North Carolina
2005	418,173		3,926,923		4.1%	5.2%
2006	442,960	5.9%	4,065,884	3.5%	3.6%	4.8%
2007	460,427	3.9%	4,126,685	1.5%	3.5%	4.7%
2008	448,378	-2.6%	4,000,278	-3.1%	4.6%	6.1%
2009	431,419	-3.8%	3,804,059	-4.9%	8.3%	10.6%
2010	438,436	1.6%	3,835,921	0.8%	8.3%	10.9%
2011	448,376	2.3%	3,889,178	1.4%	7.9%	10.3%
2012	464,601	3.6%	3,969,167	2.1%	7.1%	9.3%
2013	485,050	4.4%	4,044,954	1.9%	6.0%	7.9%
2014	502,624	3.6%	4,142,253	2.4%	4.9%	6.3%
2015	525,560	4.6%	4,249,766	2.6%	4.6%	5.7%
Overall Change 2005-2015	107,387	25.7%	322,843	8.2%		
Avg Unemp. Rate 2005-2015					5.7%	7.4%
Unemployment Rate - August 2016					4.2%	5.0%

Source: Bureau of Labor Statistics and Economy.com. Employment figures are from the Quarterly Census of Employment and Wages (QCEW). Unemployment rates are from the Current Population Survey (CPS). The figures are not seasonally adjusted.

Employment Sectors

The composition of the Wake County job market is depicted in the following chart, along with that of North Carolina. Total employment for both areas is broken down by major employment sector, and the sectors are ranked from largest to smallest based on the percentage of Wake County jobs in each category.

Employment Sectors - 2015

Source: Bureau of Labor Statistics and Economy.com

Wake County has greater concentrations than North Carolina in the following employment sectors:

1. Professional and Business Services, representing 20.7% of Wake County payroll employment compared to 14.2% for North Carolina as a whole. This sector includes legal, accounting, and engineering firms, as well as management of holding companies.
2. Leisure and Hospitality, representing 11.3% of Wake County payroll employment compared to 10.8% for North Carolina as a whole. This sector includes employment in hotels, restaurants, recreation facilities, and arts and cultural institutions.
3. Construction, representing 5.6% of Wake County payroll employment compared to 4.6% for North Carolina as a whole. This sector includes construction of buildings, roads, and utility systems.
4. Financial Activities, representing 5.4% of Wake County payroll employment compared to 5.1% for North Carolina as a whole. Banking, insurance, and investment firms are included in this sector, as are real estate owners, managers, and brokers.

Wake County is underrepresented in the following sectors:

1. Trade; Transportation; and Utilities, representing 18.3% of Wake County payroll employment compared to 19.5% for North Carolina as a whole. This sector includes jobs in retail trade, wholesale trade, trucking, warehousing, and electric, gas, and water utilities.

2. Government, representing 14.9% of Wake County payroll employment compared to 16.6% for North Carolina as a whole. This sector includes employment in local, state, and federal government agencies.
3. Education and Health Services, representing 12.2% of Wake County payroll employment compared to 13.3% for North Carolina as a whole. This sector includes employment in public and private schools, colleges, hospitals, and social service agencies.
4. Manufacturing, representing 4.7% of Wake County payroll employment compared to 11.0% for North Carolina as a whole. This sector includes all establishments engaged in the manufacturing of durable and nondurable goods.

Major Employers

Major employers in Wake County are shown in the following table.

Major Employers - Wake County	
Name	Number of Employees
1 Wake County Public Schools	1,000+
2 NC State University at Raleigh	1,000+
3 Wake Med	1,000+
4 SAS Institute Inc.	1,000+
5 Rex Hospital Inc.	1,000+
6 Walmart Associates Inc.	1,000+
7 Cisco Systems	1,000+
8 City of Raleigh	1,000+
9 North Carolina Dept of Public Safety	1,000+
10 County of Wake	1,000+

Source: 4th Qtr 2015 NC Commerce, Labor & Economic Analysis Division

Gross Domestic Product

Gross Domestic Product (GDP) is a measure of economic activity based on the total value of goods and services produced in a defined geographic area. Although GDP figures are not available at the county level, data reported for the Raleigh MSA is considered meaningful when compared to the nation overall, as Wake County is part of the MSA and subject to its influence.

Economic growth, as measured by annual changes in GDP, has been considerably higher in the Raleigh MSA than the United States overall during the past eight years. The Raleigh MSA has grown at a 2.3% average annual rate while the United States has grown at a 1.2% rate. As the national economy improves, the Raleigh MSA continues to perform better than the United States. GDP for the Raleigh MSA rose by 7.0% in 2015 while the United States GDP rose by 2.4%.

The Raleigh MSA has a per capita GDP of \$53,462, which is 7% greater than the United States GDP of \$49,844. This means that Raleigh MSA industries and employers are adding relatively more value to the economy than their counterparts in the United States overall.

Gross Domestic Product				
	(\$ Mil)		(\$ Mil)	
Year	Raleigh MSA	% Change	United States	% Change
2008	57,879		14,718,301	
2009	56,025	-3.2%	14,320,114	-2.7%
2010	58,189	3.9%	14,628,165	2.2%
2011	59,734	2.7%	14,833,679	1.4%
2012	60,640	1.5%	15,126,279	2.0%
2013	61,374	1.2%	15,317,174	1.3%
2014	63,631	3.7%	15,653,000	2.2%
2015	68,087	7.0%	16,023,115	2.4%
Compound % Chg (2008-2015)		2.3%		1.2%
GDP Per Capita 2015	\$53,462		\$49,844	

Source: Bureau of Economic Analysis and Economy.com; data released September 2016. The release of state and local GDP data has a longer lag time than national data. The data represents inflation-adjusted "real" GDP stated in 2009 dollars.

Household Income

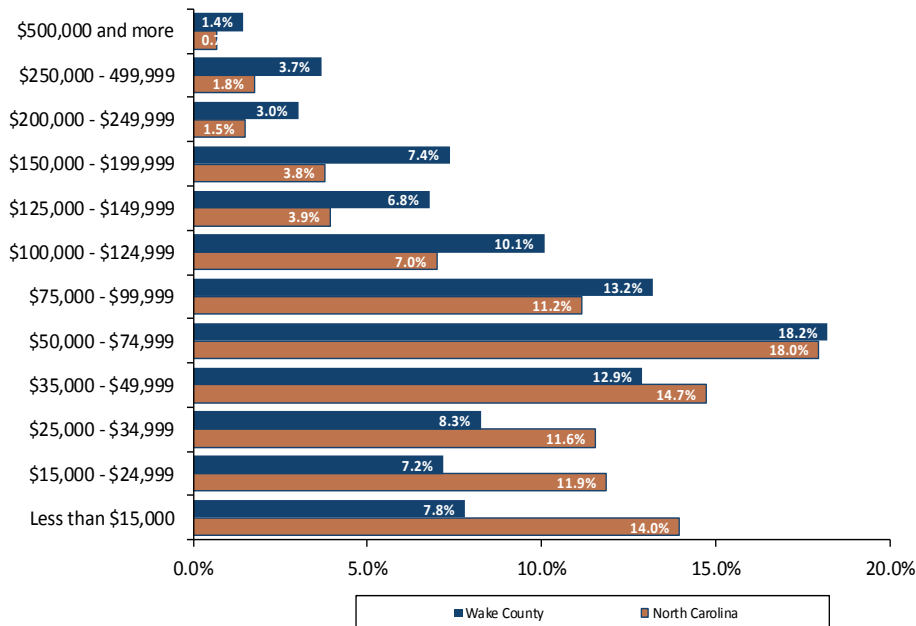
Wake County is more affluent than North Carolina. Median household income for Wake County is \$68,949, which is 44.2% greater than the corresponding figure for North Carolina.

Median Household Income - 2016	
	Median
Wake County	\$68,949
North Carolina	\$47,811
Comparison of Wake County to North Carolina	+ 44.2%

Source: The Nielsen Company

The following chart shows the distribution of households across twelve income levels. Wake County has a greater concentration of households in the higher income levels than North Carolina. Specifically, 46% of Wake County households are at the \$75,000 or greater levels in household income as compared to 30% of North Carolina households. A lesser concentration of households is apparent in the lower income levels, as 23% of Wake County households are below the \$35,000 level in household income versus 37% of North Carolina households.

Household Income Distribution - 2016

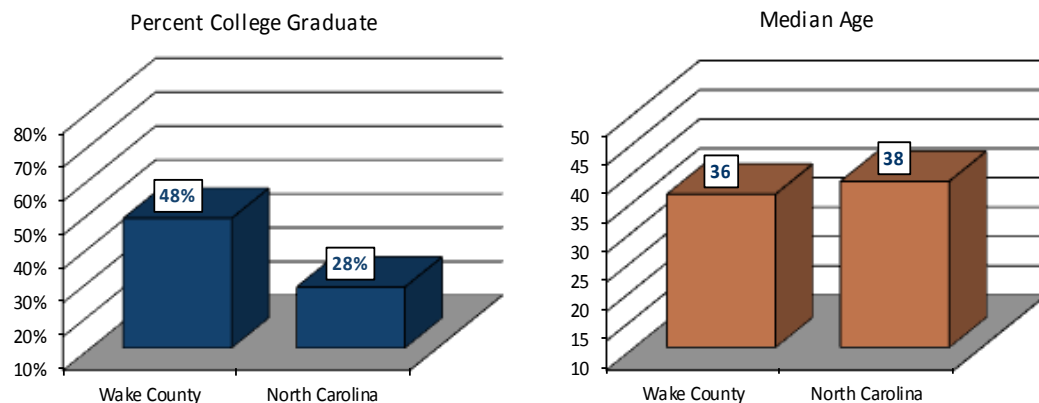


Source: The Nielsen Company

Education and Age

Residents of Wake County have a higher level of educational attainment than those of North Carolina. An estimated 48% of Wake County residents are college graduates with four-year degrees, versus 28% of North Carolina residents. People in Wake County are younger than their North Carolina counterparts. The median age for Wake County is 36 years, while the median age for North Carolina is 38 years.

Education & Age - 2016



Source: The Nielsen Company

Conclusion

The Wake County economy will benefit from a growing population base and higher income and education levels. Wake County experienced growth in the number of jobs and has maintained a consistently lower unemployment rate than North Carolina over the past decade. Moreover, Wake County benefits from being part of the Raleigh MSA, which exhibits both a higher rate of GDP growth and a higher level of GDP per capita than the nation overall. We anticipate that the Wake County economy will improve and employment will grow, strengthening the demand for real estate.

Residential Market Analysis

The Raleigh/Durham Metro Area is comprised of seven counties, including Wake, Durham, Orange, Chatham, Franklin, Harnett and Johnston. Regional and submarket trends are discussed below.

The subject property is located in Wake County.

National Economic Trends

The health of the overall economy is paramount to the housing market. National economic trends and government interventions that have had and continue to have a major impact on the regional housing market are discussed below.

Governmental Economic and Housing Interventions

Through most of 2009 and early 2010, tax incentives for home buyers were available from both the federal and state governments. These incentives were credited with boosting home sales and stabilizing otherwise negative pricing trends in the region. However, the federal incentive is officially no longer available, and the funds available for various state new homebuyer tax credits have run their course. Going forward, demand for housing will not likely benefit from any government intervention.

Mortgage Interest Rates

Mortgage interest rates were at their lowest level in 30 years in 2012, but began to increase in 2013, with a decline in 2015 and a return to historic lows in 2016. The following table illustrates the pattern of mortgage rates.

MORTGAGE INTEREST RATE TRENDS	
Year	Conventional 30-Yr. Int. Rate
2001	6.97%
2002	6.54%
2003	5.82%
2004	5.84%
2005	5.86%
2006	6.41%
2007	6.34%
2008	6.03%
2009	5.04%
2010	4.69%
2011	4.45%
2012	3.66%
2013	3.98%
2014	4.17%
2015	3.85%
Apr-16	3.60%

Source: Federal Reserve Board

The Federal Reserve Board began to significantly cut rates on January 22, 2008, releasing a statement underscoring market concerns: "Broader financial market conditions have continued to deteriorate and credit has tightened further for some businesses and households. Moreover, incoming information indicated a deepening of the housing contraction as well as some softening in labor markets." As a result, the Fed lowered its federal funds rate to 3.5% from 4.25%, and also lowered its discount rate by three-quarters of a point to 4%. The federal funds rate continued to fall, to a low rate of 0.00% – 0.25% (posted December 16, 2008). On December 16, 2015, the federal funds rate increased to 0.25% - 0.50% which is still current. The Federal Reserve Board has indicated that they intend to continue increasing rates.

Raleigh/Durham Metro Area Residential Market Analysis

A market study is a macroeconomic analysis that examines the general market conditions of supply, demand, and pricing or the demographics of demand for a specific area or property type. A market study may also include analyses of construction and absorption trends. In order to gain perspective into the price levels, competition and rate of sales in the local market we have evaluated a variety of supply and demand characteristics. We are providing a general definition of the market and an overview of demand and supply characteristics.

The following is from a recent article by Metrostudy News dated February 9, 2016 regarding the Triangle area new home market.

- The fourth quarter of 2015 had the strongest quarterly closings since the third quarter of 2008, up 23% year-over-year.
- New home starts were up 16.6% in the fourth quarter of 2015 over 2014.
- Homes priced from \$200,000 to \$350,000 represented 55% of the total market. Inventory in the \$150,000 to \$199,000 price range continued to shrink.
- The townhome market strengthened in the fourth quarter of 2015, with quarterly starts increasing 37% and closing increasing 49% from the same period one-year earlier.
- There were 18,186 vacant, developed lots in the Triangle area in the fourth quarter. This is a decrease of 1,039 lots from one-year prior. There is a 22.2-month supply and MetroStudy considers 18 to 24 months to be normal.

"One thing that does not look to change in 2016 is overall tight inventory. The lack of availability of newly developed lots in the highest demand submarkets is a huge impediment to continued growth. Overall, the market again failed to deliver enough lots to meet current demand."

Building Permits

The following chart identifies single-family building permits in Wake County and several surrounding counties.

Building Permits - SFR Units

Municipality	2009	2010	2011	2012	2013	2014	2015
Durham County, NC	784	934	923	947	1,187	1,240	1,593
% Change		19.1%	-1.2%	2.6%	25.3%	4.5%	28.5%
Wake County, NC	3,600	3,854	4,039	5,417	6,629	6,146	6,796
% Change		7.1%	4.8%	34.1%	22.4%	-7.3%	10.6%
Orange County, NC	242	265	258	232	246	304	369
% Change		9.5%	-2.6%	-10.1%	6.0%	23.6%	21.4%
Chatham County, NC	231	263	293	365	491	587	590
% Change		13.9%	11.4%	24.6%	34.5%	19.6%	0.5%
Total	4,857	5,316	5,513	6,961	8,553	8,277	9,348
% Change		9.5%	3.7%	26.3%	22.9%	-3.2%	12.9%

Source: U.S. Census Bureau; Imputed Data Utilized

Compiled by Integra Realty Resources (IRR)-Charlotte/Raleigh/Charleston/Greensboro/Columbia

With the exception of 2014, single-family building permit activity has been increasing significantly year-over-year in Wake County. This trend is expected to continue.

Annual Historical Home Price Trends

The following chart identifies historical attached and detached home sale prices in Wake County as compared to the Raleigh/Durham Metro Area.

AVERAGE NEW AND EXISTING HOME PRICES				
ANNUAL HISTORICAL TRENDS¹				
Year	Wake County		Raleigh/Durham Metro Area	
	Totals	% Change	Totals	% Change
2005	\$235,587	N/A	\$225,429	N/A
2006	\$249,023	5.7%	\$236,595	5.0%
2007	\$263,586	5.8%	\$250,122	5.7%
2008	\$264,620	0.4%	\$248,583	-0.6%
2009	\$244,350	-7.7%	\$231,634	-6.8%
2010	\$257,060	5.2%	\$236,686	2.2%
2011	\$246,960	-3.9%	\$230,807	-2.5%
2012	\$251,626	1.9%	\$234,013	1.4%
2013	\$261,568	4.0%	\$244,458	4.5%
2014	\$275,962	5.5%	\$251,279	2.8%
2015	\$286,613	3.9%	\$266,104	5.9%
² Avg. % Change/Year		2.1%		1.7%

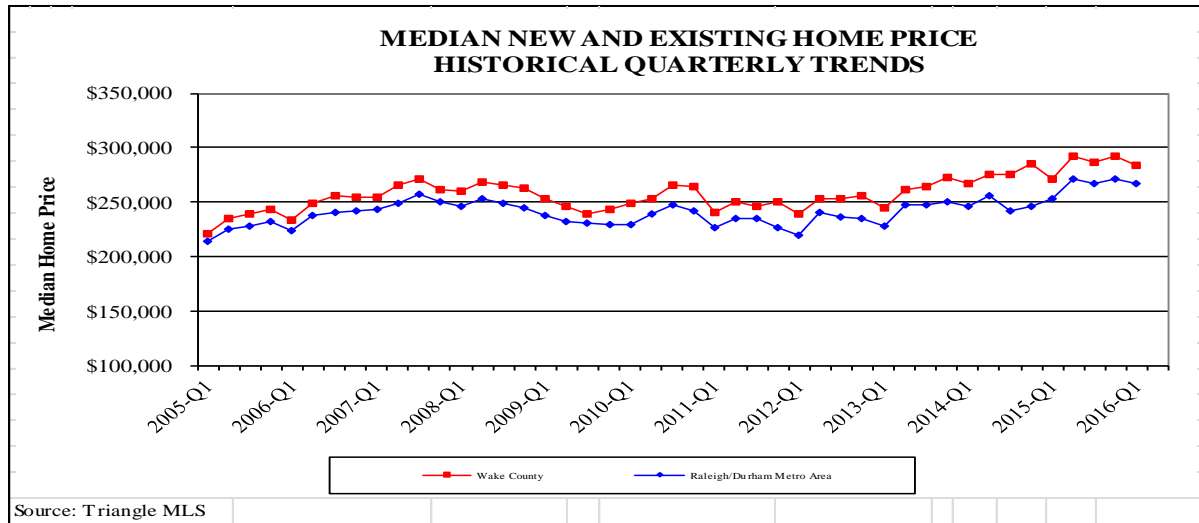
¹ Figures calculated from MLS data and include detached and attached product.² Straight arithmetic average.

Source: Triangle MLS

Quarterly Historical Home Price Trends

The following chart identifies historical attached and detached home sale prices in Wake County as compared to the Raleigh/Durham Metro Area.

AVERAGE NEW AND EXISTING HOME PRICES				
RECENT QUARTERLY TRENDS				
Year	Wake County		Raleigh/Durham Metro Area	
	Totals	% Change	Totals	% Change
2005-Q1	\$221,321	N/A	\$214,455	N/A
2005-Q2	\$234,274	5.9%	\$224,502	4.7%
2005-Q3	\$238,597	1.8%	\$227,182	1.2%
2005-Q4	\$243,746	2.2%	\$232,490	2.3%
2006-Q1	\$233,242	-4.3%	\$224,019	-3.6%
2006-Q2	\$248,933	6.7%	\$237,754	6.1%
2006-Q3	\$255,964	2.8%	\$240,194	1.0%
2006-Q4	\$254,831	-0.4%	\$241,940	0.7%
2007-Q1	\$254,166	-0.3%	\$242,551	0.3%
2007-Q2	\$265,110	4.3%	\$249,249	2.8%
2007-Q3	\$271,001	2.2%	\$256,806	3.0%
2007-Q4	\$261,749	-3.4%	\$250,668	-2.4%
2008-Q1	\$259,420	-0.9%	\$246,016	-1.9%
2008-Q2	\$268,349	3.4%	\$252,648	2.7%
2008-Q3	\$265,746	-1.0%	\$248,823	-1.5%
2008-Q4	\$263,301	-0.9%	\$244,388	-1.8%
2009-Q1	\$252,258	-4.2%	\$237,760	-2.7%
2009-Q2	\$246,062	-2.5%	\$231,611	-2.6%
2009-Q3	\$239,550	-2.6%	\$231,009	-0.3%
2009-Q4	\$242,970	1.4%	\$228,498	-1.1%
2010-Q1	\$248,555	2.3%	\$229,452	0.4%
2010-Q2	\$252,516	1.6%	\$238,621	4.0%
2010-Q3	\$265,848	5.3%	\$247,584	3.8%
2010-Q4	\$264,213	-0.6%	\$242,328	-2.1%
2011-Q1	\$240,525	-9.0%	\$225,706	-6.9%
2011-Q2	\$249,709	3.8%	\$234,127	3.7%
2011-Q3	\$246,550	-1.3%	\$234,338	0.1%
2011-Q4	\$249,455	1.2%	\$226,477	-3.4%
2012-Q1	\$238,928	-4.2%	\$219,990	-2.9%
2012-Q2	\$253,191	6.0%	\$240,289	9.2%
2012-Q3	\$252,926	-0.1%	\$235,639	-1.9%
2012-Q4	\$255,453	1.0%	\$235,384	-0.1%
2013-Q1	\$244,233	-4.4%	\$227,991	-3.1%
2013-Q2	\$261,472	7.1%	\$247,730	8.7%
2013-Q3	\$264,615	1.2%	\$247,011	-0.3%
2013-Q4	\$273,037	3.2%	\$250,049	1.2%
2014-Q1	\$266,287	-2.5%	\$245,591	-1.8%
2014-Q2	\$275,401	3.4%	\$255,177	3.9%
2014-Q3	\$275,699	0.1%	\$241,490	-5.4%
2014-Q4	\$284,594	3.2%	\$246,564	2.1%
2015-Q1	\$270,902	-4.8%	\$252,408	2.4%
2015-Q2	\$292,131	7.8%	\$270,824	7.3%
2015-Q3	\$287,069	-1.7%	\$266,353	-1.7%
2015-Q4	\$291,736	1.6%	\$270,589	1.6%
2016-Q1	\$284,039	-2.6%	\$266,523	-1.5%
² Avg. % Change/Qtr		0.7%		0.4%
¹ Figures calculated from MLS data and include detached and attached product.				
² Straight arithmetic average.				
Source: Triangle MLS				



Annual Historical Home Sales Volume Trends

The following chart identifies historical attached and detached home sale volumes in Wake County as compared to the Raleigh/Durham Metro Area.

NEW AND EXISTING HOME SALES VOLUMES				
ANNUAL HISTORICAL TRENDS				
Year	Wake County		Raleigh/Durham Metro Area	
	Totals	% Change	Totals	% Change
2005	19,585	N/A	30,118	N/A
2006	20,045	2.3%	31,179	3.5%
2007	18,609	-7.2%	29,131	-6.6%
2008	13,415	-27.9%	21,337	-26.8%
2009	11,919	-11.2%	19,596	-8.2%
2010	11,011	-7.6%	18,897	-3.6%
2011	10,635	-3.4%	17,939	-5.1%
2012	13,305	25.1%	21,920	22.2%
2013	16,688	25.4%	27,241	24.3%
2014	17,230	3.2%	29,971	10.0%
2015	18,977	10.1%	30,909	3.1%
¹ Avg. % Change/Year		0.9%		1.3%

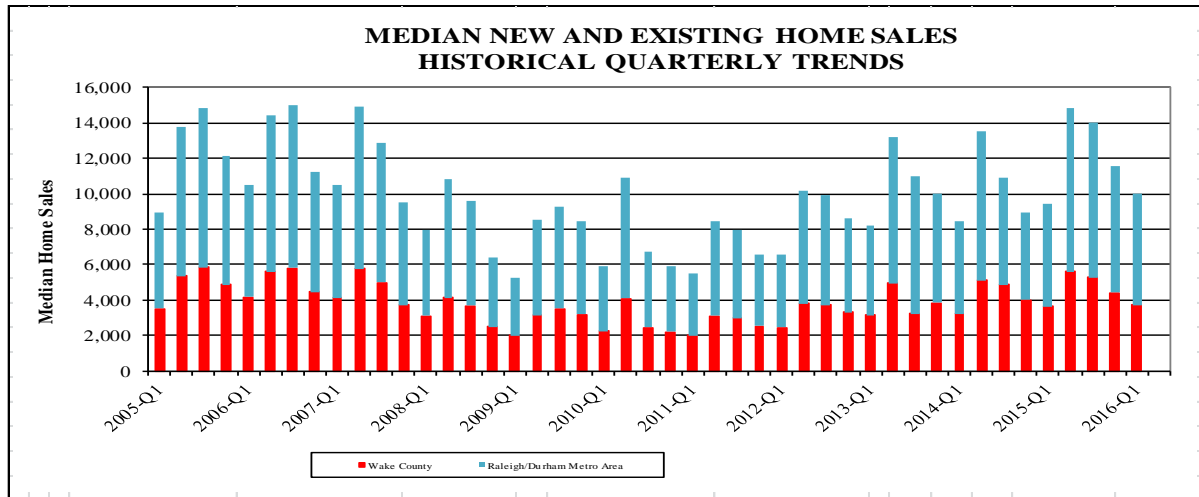
¹ Straight arithmetic average.

Source: Triangle MLS

Quarterly Historical Home Sales Volume Trends

The following chart identifies historical attached and detached home sale volumes in Wake County as compared to the Raleigh/Durham Metro Area.

NEW AND EXISTING HOME SALES VOLUMES				
RECENT QUARTERLY TRENDS				
Year	Wake County		Raleigh/Durham Metro Area	
	Totals	% Change	Totals	% Change
2005-Q1	3,517	N/A	5,425	N/A
2005-Q2	5,362	52.5%	8,399	54.8%
2005-Q3	5,853	9.2%	8,991	7.0%
2005-Q4	4,853	-17.1%	7,303	-18.8%
2006-Q1	4,165	-14.2%	6,333	-13.3%
2006-Q2	5,608	34.6%	8,856	39.8%
2006-Q3	5,809	3.6%	9,220	4.1%
2006-Q4	4,463	-23.2%	6,770	-26.6%
2007-Q1	4,133	-7.4%	6,335	-6.4%
2007-Q2	5,761	39.4%	9,135	44.2%
2007-Q3	4,989	-13.4%	7,900	-13.5%
2007-Q4	3,726	-25.3%	5,761	-27.1%
2008-Q1	3,127	-16.1%	4,835	-16.1%
2008-Q2	4,123	31.9%	6,722	39.0%
2008-Q3	3,687	-10.6%	5,888	-12.4%
2008-Q4	2,478	-32.8%	3,892	-33.9%
2009-Q1	2,025	-18.3%	3,275	-15.9%
2009-Q2	3,147	55.4%	5,384	64.4%
2009-Q3	3,536	12.4%	5,717	6.2%
2009-Q4	3,211	-9.2%	5,220	-8.7%
2010-Q1	2,237	-30.3%	3,649	-30.1%
2010-Q2	4,084	82.6%	6,850	87.7%
2010-Q3	2,470	-39.5%	4,276	-37.6%
2010-Q4	2,220	-10.1%	3,711	-13.2%
2011-Q1	2,003	-9.8%	3,485	-6.1%
2011-Q2	3,121	55.8%	5,352	53.6%
2011-Q3	2,969	-4.9%	5,015	-6.3%
2011-Q4	2,518	-15.2%	4,087	-18.5%
2012-Q1	2,458	-2.4%	4,082	-0.1%
2012-Q2	3,801	54.6%	6,360	55.8%
2012-Q3	3,717	-2.2%	6,181	-2.8%
2012-Q4	3,329	-10.4%	5,314	-14.0%
2013-Q1	3,143	-5.6%	5,052	-4.9%
2013-Q2	4,966	58.0%	8,216	62.6%
2013-Q3	3,230	-35.0%	7,756	-5.6%
2013-Q4	3,839	18.9%	6,204	-20.0%
2014-Q1	3,230	-15.9%	5,255	-15.3%
2014-Q2	5,100	57.9%	8,399	59.8%
2014-Q3	4,870	-4.5%	6,007	-28.5%
2014-Q4	4,032	-17.2%	4,876	-18.8%
2015-Q1	3,623	-10.1%	5,774	18.4%
2015-Q2	5,624	55.2%	9,223	59.7%
2015-Q3	5,292	-5.9%	8,752	-5.1%
2015-Q4	4,430	-16.3%	7,151	-18.3%
2016-Q1	3,738	-15.6%	6,257	-12.5%
¹ Avg. % Change/Qtr.		4.5%		4.2%
¹ Straight arithmetic average.				
Source: Triangle MLS				



New Single-Family Detached and Attached Home Data

The following charts identify historical, new construction, detached and attached, home sale pricing and volumes in the Raleigh/Durham Metro Area.

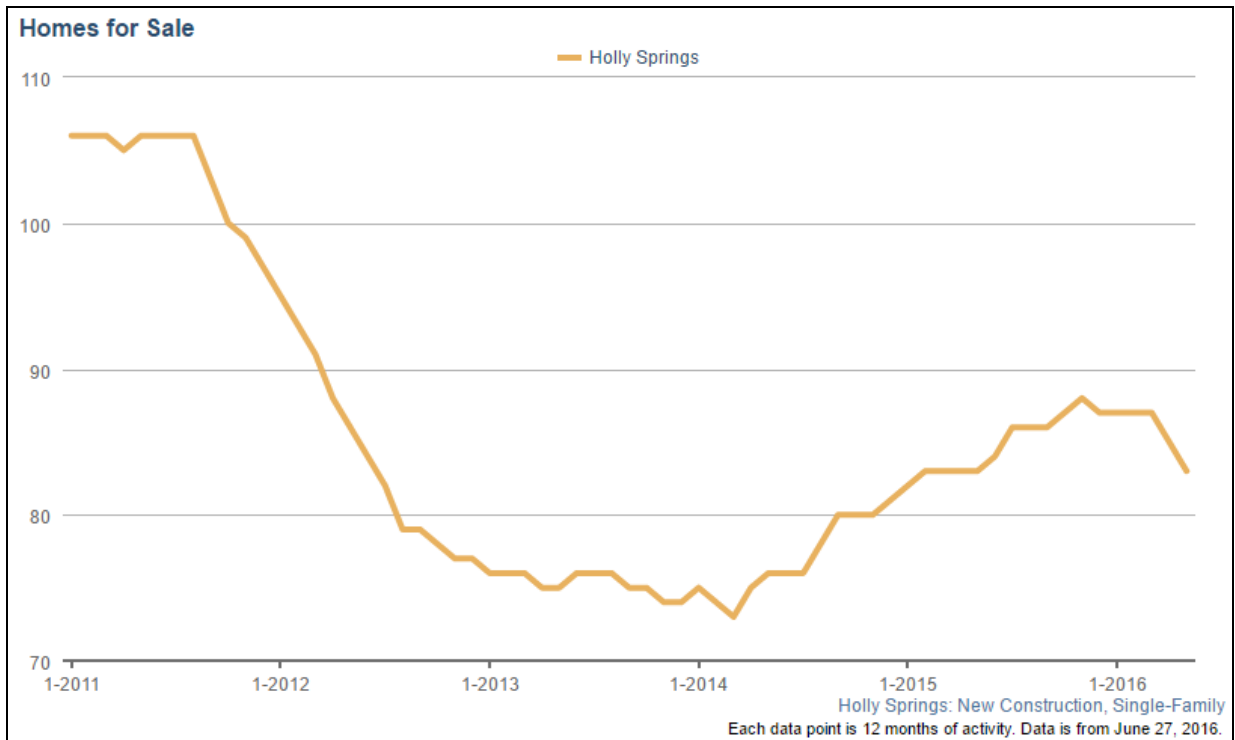
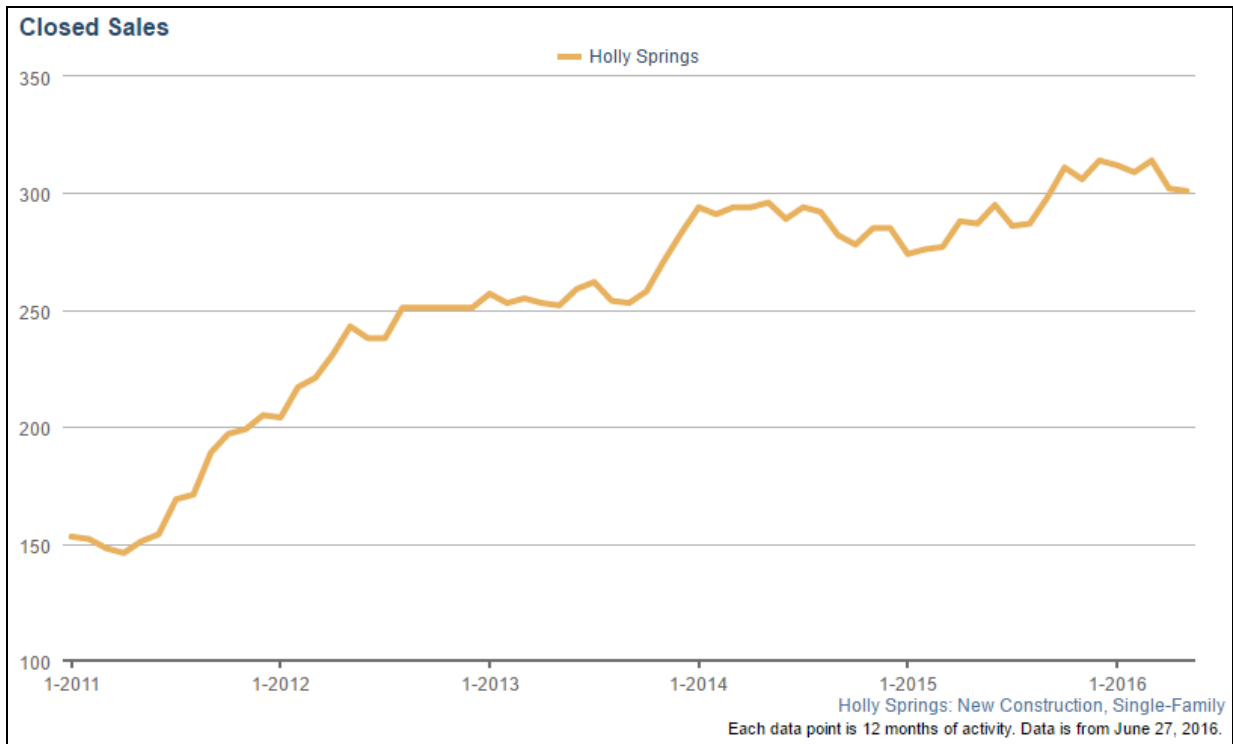
NEW SINGLE-FAMILY DETACHED RALEIGH/DURHAM METRO AREA								
Submarket	2015 Sales	2014 Sales	2015 Average Sales Price	2014 Average Sales Price	2015 Avg. Monthly Sales	2014 Avg. Monthly Sales	Current Inventory	Months Supply
Chatham County	353	319	\$428,790	\$422,543	29.4	26.6	300	10.2
Durham County	382	413	\$330,691	\$297,257	31.8	34.4	266	8.4
Franklin County	230	187	\$247,315	\$240,150	19.2	15.6	141	7.4
Harnett County	190	250	\$191,156	\$193,312	15.8	20.8	97	6.1
Johnston County	930	738	\$237,081	\$238,493	77.5	61.5	627	8.1
Orange County	96	50	\$482,181	\$420,286	8.0	4.2	107	13.4
Wake County	2,963	2,819	\$399,791	\$381,623	246.9	234.9	1,867	7.6
Totals/Avg.	5,144	4,776	\$331,001	\$313,381	428.7	398.0	3,405	7.9
Source: Triangle MLS								

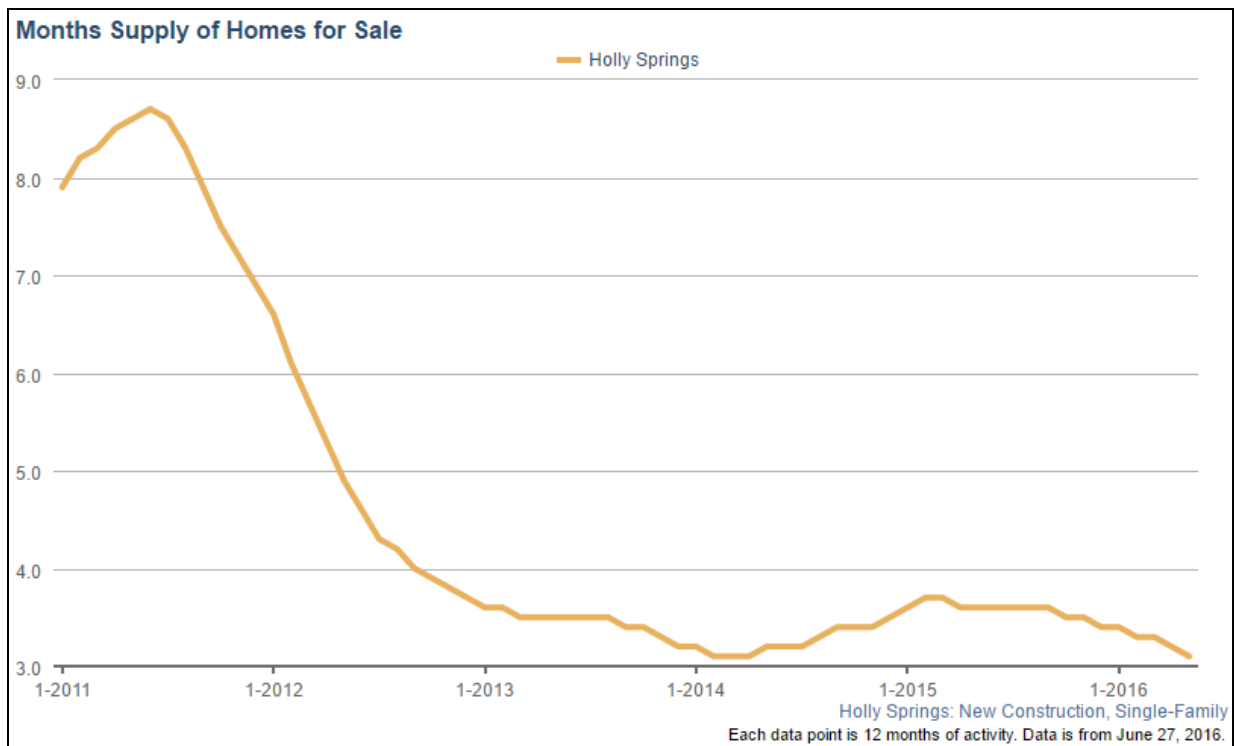
NEW ATTACHED TOWNHOMES & CONDOMINIUMS RALEIGH/DURHAM METRO AREA								
Submarket	2015 Sales	2014 Sales	2015 Average Sales Price	2014 Average Sales Price	2015 Avg. Monthly Sales	2014 Avg. Monthly Sales	Current Inventory	Months Supply
Chatham County	1	6	\$205,000	\$210,125	0.1	0.5	0	0.0
Durham County	176	223	\$228,215	\$189,914	14.7	18.6	156	10.6
Franklin County	15	2	\$155,035	\$145,922	1.3	0.2	16	12.8
Harnett County	4	3	\$211,216	\$161,800	0.3	0.3	1	3.0
Johnston County	55	42	\$169,644	\$150,827	4.6	3.5	36	7.9
Orange County	74	63	\$302,208	\$432,021	6.2	5.3	38	6.2
Wake County	911	770	\$254,905	\$222,908	75.9	64.2	575	7.6
Totals/Avg.	1,236	1,109	\$218,032	\$216,217	103.0	92.4	822	8.0
Source: Triangle MLS								

Submarket Analysis – Holly Springs

The subject property is proposed for detached, single-family homes in the Holly Springs submarket. The charts that follow were obtained from the Triangle MLS. The prices represent rolling 12-month average prices for new construction, single-family homes.







Conclusions

New construction home sales in Holly Springs continue to see home price increases. The number of home sales has been trending upwards. The number of homes for sale has increased; however, due to demand, the months supply of new home sales is near historic lows.

Overall, market conditions are positive and have been improving and are expected to continue to improve to stabilize. The subject property is located in an "A-" submarket within the Raleigh/Durham area.

Area Map



Surrounding Area Analysis

Location

The subject is located in the southern portion of Apex in Wake County. US Highway 1 goes through the subject.

Access and Linkages

Primary highway access to the area is via US Highway 1, a major arterial that traverses Wake County in an east/west direction. Direct access to the subject from US 1 is by Friendship Road and Winding Way for the portion of the subject on the northern side of US 1, and Friendship Road and Woods Creek Road for the portion of the subject on the southern side of US 1. Woodfield Dead End Road cuts through the subject in a north/south direction adding more vehicular access. However, vehicular access is still below average to average.

Public transportation is not provided to the subject's immediate location. The primary mode of transportation in the area is the automobile.

Demand Generators

Major employers in the Apex/Holly Springs area include Novartis, Cooper Tools/Lufkin, EMC, Super Target, Tipper Tie, Bland Landscaping, Hare Pipeline, Wal-Mart, Home Depot, Harris Teeter and Lowe's Home Improvement Center. In addition, Apex residents have a manageable commute to other major employers in Cary, Raleigh and Research Triangle Park.

Demographics

A demographic profile of the surrounding area, including population, households, and income data, is presented in the following table.

Surrounding Area Demographics					
2016 Estimates	1-Mile Radius	3-Mile Radius	5-Mile Radius	Wake County	North Carolina
Population 2010	353	10,449	61,858	900,993	9,535,483
Population 2016	460	12,566	74,937	1,025,174	10,089,413
Population 2021	523	13,941	83,800	1,113,502	10,586,956
Compound % Change 2010-2016	4.5%	3.1%	3.2%	2.2%	0.9%
Compound % Change 2016-2021	2.6%	2.1%	2.3%	1.7%	1.0%
Households 2010	120	3,595	21,351	345,645	3,745,155
Households 2016	161	4,383	25,427	392,779	3,976,162
Households 2021	186	4,891	28,323	426,889	4,180,534
Compound % Change 2010-2016	5.0%	3.4%	3.0%	2.2%	1.0%
Compound % Change 2016-2021	2.9%	2.2%	2.2%	1.7%	1.0%
Median Household Income 2016	\$84,110	\$81,833	\$92,111	\$68,949	\$47,811
Average Household Size	2.8	2.9	2.9	2.6	2.5
College Graduate %	45%	50%	56%	48%	28%
Median Age	35	35	36	36	38
Owner Occupied %	85%	83%	81%	65%	67%
Renter Occupied %	15%	17%	19%	35%	33%
Median Owner Occupied Housing Value	\$237,811	\$239,420	\$269,454	\$252,106	\$166,216
Median Year Structure Built	2005	2002	2001	1996	1987
Avg. Travel Time to Work in Min.	31	29	29	26	26
Source: The Nielsen Company					

As shown above, the current population within a 3-mile radius of the subject is 12,566, and the average household size is 2.9. Population in the area has grown since the 2010 census, and this trend is projected to continue over the next five years. Compared to Wake County overall, the population within a 3-mile radius is projected to grow at a faster rate.

Median household income is \$81,833, which is higher than the household income for Wake County. Residents within a 3-mile radius have a higher level of educational attainment than those of Wake County, while median owner occupied home values are lower.

Land Use

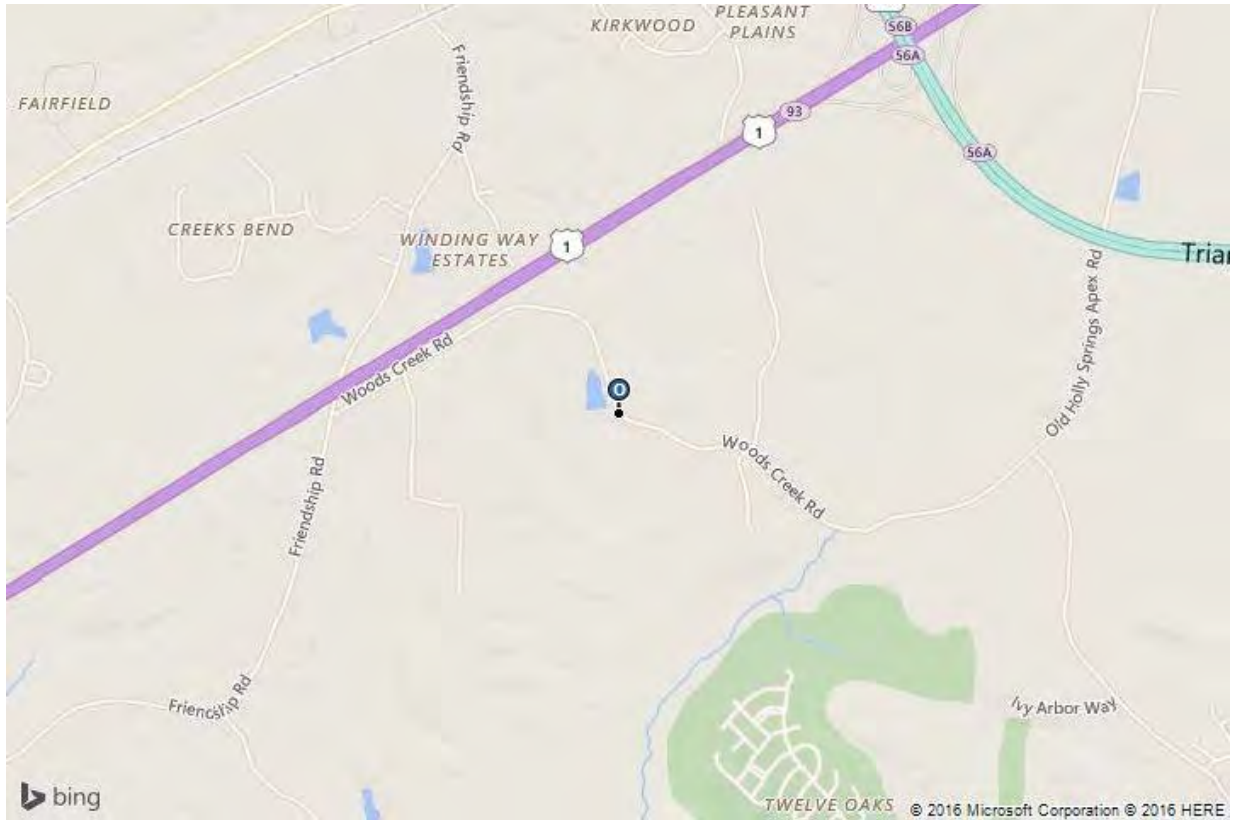
The area is rural in character and approximately 30% developed.

Predominant land uses in the surrounding area are vacant land and timber with scattered single family and multifamily uses. During the last five years, development has been intermittent.

Outlook and Conclusions

The area is in the stable or slow growth stage of its life cycle. Given the history of the area and the growth trends, we expect that property values will remain stable or begin to increase slightly in the near future.

Surrounding Area Map



Property Analysis

Land Description and Analysis

Land Description	
Land Area (Gross)	425.52 acres; 18,535,652 SF
Source of Land Area	Public Records
Primary Street Frontage	Woods Creek Road - 6,710 feet
Secondary Street Frontage	US 1 Highway - 1,861 feet
Shape	Irregular
Corner	No
Rail Access	No
Topography	Generally level and at street grade
Drainage	No problems reported or observed
Environmental Hazards	None reported or observed
Ground Stability	No problems reported or observed
Flood Area Panel Number	37183C0730J
Date	May 2, 2006
Zone	AO
Description	Within 100-year floodplain (13%)
Insurance Required?	Yes
Utilities	
Service	Provider
Water	Not provided currently (well required)
Sewer	Not provided currently (septic required)
Electricity	Duke Energy
Natural Gas	PSNC Energy
Local Phone	Various providers

Please note the subject does not currently have water or sewer available on site. However, the subject is located within the Town of Holly Springs and the Town of Holly Springs would be the water and sewer provider should the owner choose to extend the utilities.

Zoning Summary		
Zoning Jurisdiction	Holly Springs	Holly Springs
Zoning Designation	R-20	LB
Description	Residential	Local Business
Legally Conforming?	Appears to be legally conforming	Appears to be legally conforming
Zoning Change Likely?	No	No
Permitted Uses	The development of very low density single family dwellings and to provide for limited public and institutional uses that are compatible with a very low density residential area.	Light retail uses including mixed use buildings that promote residential neighborhoods and support their daily needs.
Category	Zoning Requirement	Zoning Requirement
Minimum Lot Area	20,000 SF	None
Minimum Street Frontage (Feet)	50' on a public street and gain direct access from said public	50' on a public street
Minimum Lot Width (Feet)	100'	None
Minimum Lot Depth (Feet)	150'	None
Minimum Setbacks (Feet)	100' freeway; 50' throughfare; 20' collector street; 20' local street; 10' side; 25' rear	100' freeway; 50' throughfare; 30' collector street; 30' local street; 30' front; 10' side; 10' rear
Maximum Building Height	35'	45'
Maximum Floor Area Ratio	N/A	10%
Parking Requirement	2 spaces per dwelling unit	Varies per use of site
Other	None	None
Source: Town of Holly Springs Unified Development Ordinance		

We are not experts in the interpretation of zoning ordinances. An appropriately qualified land use attorney should be engaged if a determination of compliance with zoning is required.

Easements, Encroachments and Restrictions

We were not provided a current title report to review. We are not aware of any easements, encroachments, or restrictions that would adversely affect value. Our valuation assumes no adverse impacts from easements, encroachments, or restrictions, and further assumes that the subject has clear and marketable title.

Conclusion of Land Analysis

Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for a variety of uses including those permitted by zoning. We are not aware of any other particular restrictions on development.

THE TOWN OF Holly Springs
NORTH CAROLINA
Engineering Department

Sewer Map

Sewer GPS Data

- gpi1
- GMH2
- sPhantomNode
- ForceMainValve
- ForceMainTe
- GravityManhole
- PumpStation
- Other
- sPumpStation
- sGrassTrap
- sGrassTrapNode
- 8InGravityMain
- 12InGravityMain
- 16InGravityMain
- 18InGravityMain
- 20InGravityMain
- 21InGravityMain
- 24InGravityMain
- UtilityCorridorGravityMain
- sForceMain
- 20InForceMain
- 40InForceMain
- 8InForceMain
- 10InForceMain
- 12InForceMain
- 14InForceMain
- 8InForceMain
- Abandon Fd

Base Map Data

- Property Lines
- Town ETL
- Town Area

1/5 GPS Data

- Ex Pump Stations
- Manholes
- Sewer Lines

Sewer Data From Manhole

- Future Plans
- Normal Main Lines
- Gravity Lines
- Manholes from MapInfo

As-Built Data

- As-Built FM
- Sewer Lines
- Manholes

Scale: 0, 1,400, 2,800 Feet

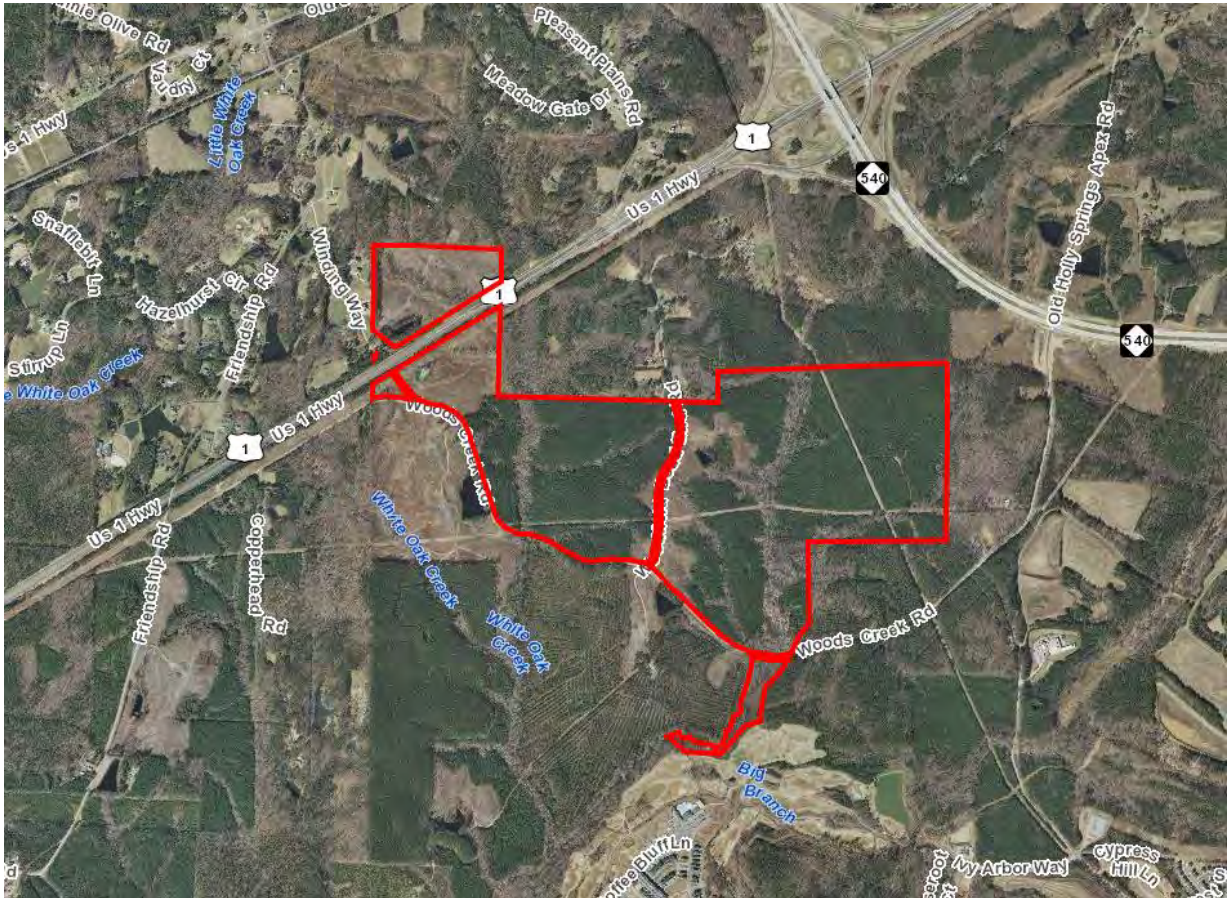
North Arrow

For more information or contact:
User of this map should be aware of the Engineering Department's disclaimer. The user understands that the map is for informational purposes only and is not to be used for any other purpose.

Disclaimer:
The Town expressly disclaims any and all responsibility for errors of any kind, or the information data or for the results of the information data for the user's use or expense. The user understands that the map is for informational purposes only and is not to be used for any other purpose.



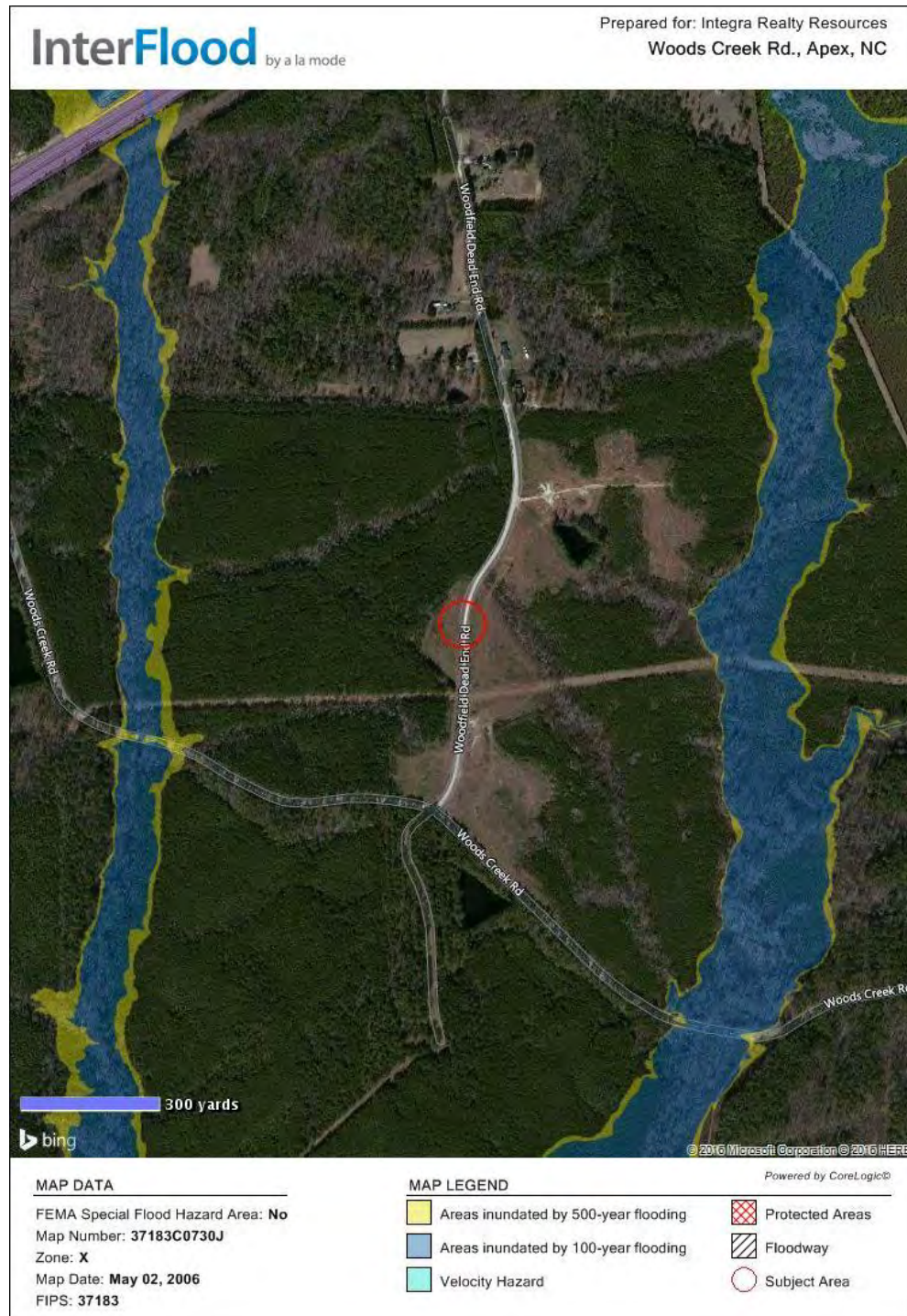
Aerial Map



425.52 +/- Acres of Land



Flood Map



425.52 +/- Acres of Land





Portion of subject north of US-1
(Photo Taken on November 14, 2016)



Portion of subject north of US-1
(Photo Taken on November 14, 2016)



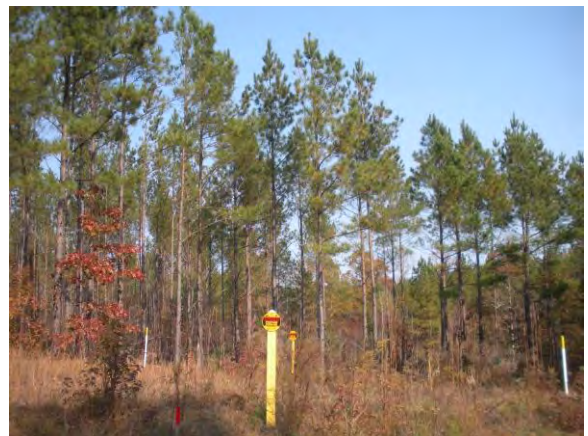
Portion of subject north of US-1
(Photo Taken on November 14, 2016)



Portion of subject north of US-1
(Photo Taken on November 14, 2016)



Portion of subject south of US-1
(Photo Taken on November 14, 2016)



Natural gas pipeline cutting through the subject
(Photo Taken on November 14, 2016)



Portion of subject south of US-1
(Photo Taken on November 14, 2016)



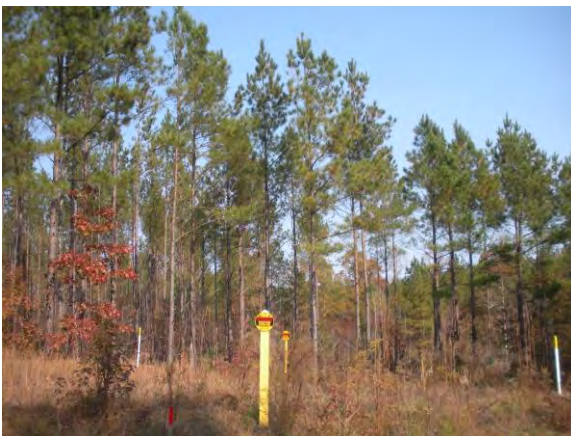
Portion of subject south of US-1
(Photo Taken on November 14, 2016)



Portion of subject south of US-1
(Photo Taken on November 14, 2016)



Portion of subject south of US-1
(Photo Taken on November 14, 2016)



Natural gas pipeline cutting through the subject
(Photo Taken on November 14, 2016)



Portion of subject south of US-1
(Photo Taken on November 14, 2016)



Portion of subject south of US-1
(Photo Taken on November 14, 2016)



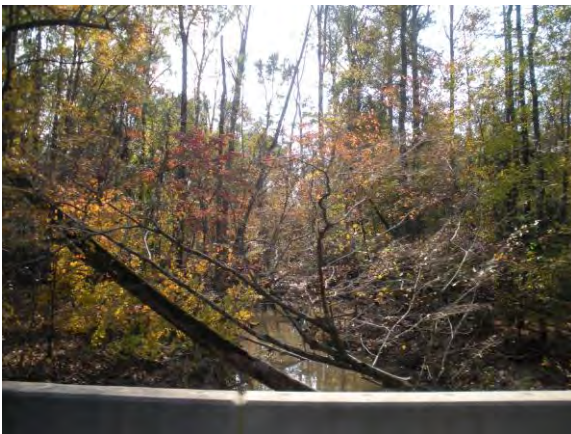
Portion of subject south of US-1
(Photo Taken on November 14, 2016)



Portion of subject south of US-1
(Photo Taken on November 14, 2016)



Portion of subject south of US-1
(Photo Taken on November 14, 2016)



Portion of subject south of US-1
(Photo Taken on November 14, 2016)



Natural gas pipeline cutting through the subject
(Photo Taken on November 14, 2016)

Real Estate Taxes

Real estate tax assessments are administered by Wake County. Real estate taxes in this state and this jurisdiction represent ad valorem taxes, meaning a tax applied in proportion to value. The real estate taxes for an individual property may be determined by dividing the assessed value for a property by \$100, then multiplying the estimate by the composite rate. Assessed values are based on 100% of the assessor's market value.

Counties in North Carolina are required to reassess property values a minimum of once every eight years. Wake County's last revaluation occurred on January 1, 2016. Their next scheduled revaluation is January 1, 2020. There is no reassessment at sale in counties in North Carolina and only substantial renovation, addition, demolition, or appeal can change a valuation outside of the countywide reassessment.

The real estate tax assessments of the subject are administered by Wake County and the town of Holly Springs. The subject's 2016 combined tax rate is \$1.033 per \$100 of assessed value. The 2016 combined tax rate consists of \$0.6005 per \$100 of assessed value for Wake County and \$0.4325 per \$100 of assessed value for the town of Holly Springs.

Real estate taxes and assessments for the current tax year are shown in the following table.

Taxes and Assessments - 2016							
Tax ID	Assessed Value			Taxes and Assessments			
	Land	Improvements	Total	Ad Valorem			
				Tax Rate	Taxes	Direct Assessments	Total
0730-63-4462	\$14,695,799	\$0	\$14,695,799	1.033000%	\$151,808	\$0	\$151,808

Based on the concluded market value of the subject, the assessed value appears extremely high.

Please note that the current ownership is exempt from real property taxes.

Highest and Best Use

Process

Before a property can be valued, an opinion of highest and best use must be developed for the subject site, both as vacant, and as improved. By definition, the highest and best use must be:

- Physically possible.
- Legally permissible under the zoning regulations and other restrictions that apply to the site.
- Financially feasible.
- Maximally productive, i.e., capable of producing the highest value from among the permissible, possible, and financially feasible uses.

As Vacant

Physically Possible

The physical characteristics of the site do not appear to impose any unusual restrictions on development. Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for a variety of uses.

Legally Permissible

The site is zoned R-20, Residential, and LB, Local Business by the Town of Holly Springs.

The purpose of R-20: the development of very low density single family dwellings and to provide for limited public and institutional uses that are compatible with a very low density residential area.

The purpose of LB: light retail uses including mixed use buildings that promote residential neighborhoods and support their daily needs.

The subject is divided into two portions by US-1 with 366.82 acres on the south side being zoned R-20 and 58.70 acres on the north side being zoned LB. To our knowledge, there are no legal restrictions such as easements or deed restrictions that would effectively limit the use of the property. Given prevailing land use patterns in the area, only single-family use is given further consideration in determining highest and best use, as though vacant.

Financially Feasible

Based on our analysis of the market, there is currently adequate demand for single-family use in the subject's area. It appears that a newly developed single-family use would have a value commensurate with its cost. Therefore, single-family use is considered to be financially feasible.

Maximally Productive

There does not appear to be any reasonably probable use of the site that would generate a higher residual land value than single-family use. Accordingly, it is our opinion that single-family use, developed to the normal market density level permitted by zoning, is the maximally productive use of the property.

Conclusion

Development of the subject for single-family use is the only use that meet the four tests of highest and best use for the subject. Therefore, it is concluded to be the highest and best uses of the property as vacant.

As Improved

No improvements are situated on the subject. Therefore, a highest and best analysis as improved is not applicable.

Most Probable Buyer

Taking into account the functional utility of the site and area development trends, the probable buyer is a developer or speculator.

Valuation

Valuation Methodology

Appraisers usually consider three approaches to estimating the market value of real property. These are the cost approach, sales comparison approach and the income capitalization approach.

The **cost approach** assumes that the informed purchaser would pay no more than the cost of producing a substitute property with the same utility. This approach is particularly applicable when the improvements being appraised are relatively new and represent the highest and best use of the land or when the property has unique or specialized improvements for which there is little or no sales data from comparable properties.

The **sales comparison approach** assumes that an informed purchaser would pay no more for a property than the cost of acquiring another existing property with the same utility. This approach is especially appropriate when an active market provides sufficient reliable data. The sales comparison approach is less reliable in an inactive market or when estimating the value of properties for which no directly comparable sales data is available. The sales comparison approach is often relied upon for owner-user properties.

The **income capitalization approach** reflects the market's perception of a relationship between a property's potential income and its market value. This approach converts the anticipated net income from ownership of a property into a value indication through capitalization. The primary methods are direct capitalization and discounted cash flow analysis, with one or both methods applied, as appropriate. This approach is widely used in appraising income-producing properties.

Reconciliation of the various indications into a conclusion of value is based on an evaluation of the quantity and quality of available data in each approach and the applicability of each approach to the property type.

The methodology employed in this assignment is summarized as follows:

Approaches to Value		
Approach	Applicability to Subject	Use in Assignment
Cost Approach	Not Applicable	Not Utilized
Sales Comparison Approach	Applicable	Utilized
Income Capitalization Approach	Not Applicable	Not Utilized

Sales Comparison Approach

To develop an opinion of the subject's land value, as if vacant and available to be developed to its highest and best use, we utilize the sales comparison approach. This approach develops an indication of value by researching, verifying, and analyzing sales of similar properties.

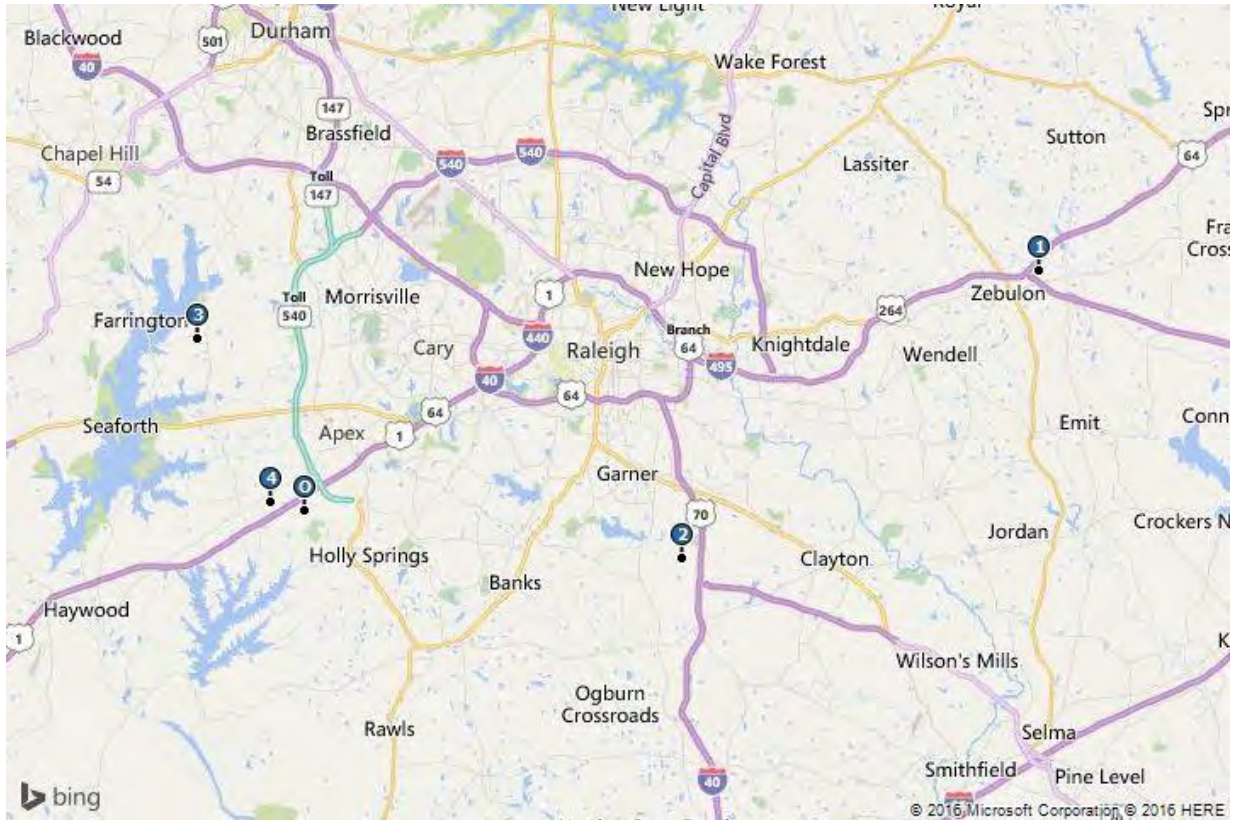
Our sales research focused on transactions within the following parameters:

- Location: Wake and Chatham County
- Size: We have split the subject property into two separate pieces due to the conflicting zoning on site. The Local Business portion is 58.70 acres and the Residential portion is 366.82 acres. Therefore we have searched for properties up to 400 acres
- Use: Residential
- Transaction Date: Within the past three years

For this analysis, we use price per acre as the appropriate unit of comparison because market participants typically compare sale prices and property values on this basis. The most relevant sales are summarized in the following table.

Summary of Comparable Land Sales - Southeastern Portion							
No.	Name/Address	Sale Date; Status	Effective Sale Price	SF; Acres	Zoning	\$/SF Land	\$/Acre
1	209.66 of Land 601 Parks Village and 1745 Zebulon Wake County NC Tax ID: 0010041, 0010042, 0010043 Grantor: Camp Kanata Development, LLC Grantee: 264 Investments, LLC <i>Comments: Property will need utilities extended from nearby roads already developed with residential homes. Buyer would no disclose a number for planned or potential units on site.</i>	Aug-16 Closed	\$4,000,000	9,132,790 209.66	Residential	\$0.44	\$19,079
2	97.70 Acres New Bethel Church Rd Garner Wake County NC Tax ID: 0009413, 0009357, 0009358, 0009362, 0009423, 0003033, 0177658 Grantor: Phyllis B. King et.al. Grantee: Oak Park Investors LLC <i>Comments: Buyer plans to develop the site with single-family residential subdivision.</i>	May-16 Closed	\$2,754,000	4,255,812 97.70	Residential	\$0.65	\$28,188
3	191.735 acres - Vacant Land 3609 NC 751 Hwy. Apex Chatham County NC Tax ID: 0704-71-5685 Grantor: Carol P. Rigsbee et.al. Grantee: Marthas Investment LLC <i>Comments: No utilities were extended to the property at the time of sale.</i>	Jun-16 Closed	\$3,420,000	8,351,977 191.74	Residential	\$0.41	\$17,837
4	3429 Bosco 3429 Bosco Rd. New Hill Wake County NC Tax ID: 0720-55-6175 Grantor: Joseph W. Walker Jr. et.al Grantee: Preferred Piedmont Fund I LLC <i>Comments: Property will be developed for some sort of residential use. The broker could not remember how many units the buyer plans to develop on site.</i>	May-15 Closed	\$1,650,000	4,036,705 92.67	Residential	\$0.41	\$17,805
Subject 425.52 +/- Acres of Land Apex, NC				15,978,680 366.82	Residential		

Comparable Land Sales Map



425.52 +/- Acres of Land





Sale 1
209.66 of Land



Sale 2
97.70 Acres



Sale 3
191.735 acres - Vacant Land



Sale 4
3429 Bosco

425.52 +/- Acres of Land

Analysis and Adjustment of Sales

The sales are compared to the subject and adjusted to account for material differences that affect value. Adjustments are considered for the following factors, in the sequence shown below.

Adjustment Factor	Accounts For	Comments
Effective Sale Price	Atypical economics of a transaction, such as demolition cost or expenditures by buyer at time of purchase.	No adjustment needed.
Real Property Rights	Fee simple, leased fee, leasehold, partial interest, etc.	No adjustment needed.
Financing Terms	Seller financing, or assumption of existing financing, at non-market terms.	No adjustment needed.
Conditions of Sale	Extraordinary motivation of buyer or seller, assemblage, forced sale.	No adjustment needed.
Market Conditions	Changes in the economic environment over time that affect the appreciation and depreciation of real estate.	A 3.0% annual market conditions adjustment was applied to account for appreciation trends in the market.
Location	Market or submarket area influences on sale price; surrounding land use influences.	Sales 1 and 3 received upward adjustments for having inferior locations. Sale 2 received a downward adjustment for having a superior location.
Access/Exposure	Convenience to transportation facilities; ease of site access; visibility; traffic counts.	Sale 3 received an upward adjustment for having inferior access and exposure.
Size	Inverse relationship that often exists between parcel size and unit value.	Sales 1, 2, 3 and 4 received downward adjustments for being smaller sizes.
Shape and Topography	Primary physical factors that affect the utility of a site for its highest and best use.	Sale 3 received a downward adjustment for not being impacted by flood plains. Sale 4 received an upward adjustment for having an inferior shape.
Zoning	Government regulations that affect the types and intensities of uses allowable on a site.	Sale 3 required an upward adjustment for having a zoning which allows for a lesser density.

Adjustment Factor	Accounts For	Comments
Entitlements/Utilities	The specific level of governmental approvals attained pertaining to development of a site.	No adjustment needed.

The following table summarizes the adjustments we make to each sale.

Land Sales Adjustment Grid - Southeastern Portion					
	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Name	425.52 +/- Acres of Land	209.66 of Land	97.70 Acres	191.735 acres - Vacant Land	3429 Bosco
Address	Woods Creek Road	601 Parks Village and 1745 Old Bunn Rd.	New Bethel Church Rd	3609 NC 751 Hwy.	3429 Bosco Rd.
City	Apex	Zebulon	Garner	Apex	New Hill
County	Wake	Wake	Wake	Chatham	Wake
State	North Carolina	NC	NC	NC	NC
Sale Date		Aug-16	May-16	Jun-16	May-15
Sale Status		Closed	Closed	Closed	Closed
Sale Price		\$4,000,000	\$2,754,000	\$3,420,000	\$1,650,000
Description of Adjustment					
Effective Sale Price		\$4,000,000	\$2,754,000	\$3,420,000	\$1,650,000
Square Feet	15,978,680	9,132,790	4,255,812	8,351,977	4,036,705
Acres	366.82	209.66	97.70	191.74	92.67
Zoning Code	R-20	R-20 Zebulon and R-30/Wake Co.	R-9/Garner	R-1/Chatham Co.	R-30/Wake Co.
Flood Plain	Yes	Yes	Yes	No	Yes
Sewer	No	No	No	No	No
Water	No	No	No	No	No
Electricity	Yes	Yes	Yes	Yes	Yes
Price per Acre		\$19,079	\$28,188	\$17,837	\$17,805
Property Rights		Fee Simple	Fee Simple	Fee Simple	Fee Simple
% Adjustment		-	-	-	-
Financing Terms		Cash to seller	Cash to seller	Cash to seller	Cash to seller
% Adjustment		-	-	-	-
Conditions of Sale		Arm's Length	Arm's Length	Arm's Length	Arm's Length
% Adjustment		-	-	-	-
Market Conditions	11/14/2016	Aug-16	May-16	Jun-16	May-15
Annual % Adjustment	3%	1%	2%	1%	4%
Cumulative Adjusted Price		\$19,269	\$28,752	\$18,015	\$18,517
Location		15%	-10%	5%	-
Access/Exposure		-	-	10%	-
Size		-5%	-10%	-5%	-10%
Shape and Topography		-	-	-5%	20%
Zoning		-	-	20%	-
Entitlements/Utilities		-	-	-	-
Net \$ Adjustment		\$1,927	-\$5,750	\$4,504	\$1,852
Net % Adjustment		10%	-20%	25%	10%
Final Adjusted Price		\$21,196	\$23,002	\$22,519	\$20,369
Overall Adjustment		11%	-18%	26%	14%
Range of Adjusted Prices		\$20,369 - \$23,002			
Average		\$21,772			
Indicated Value		\$21,500			

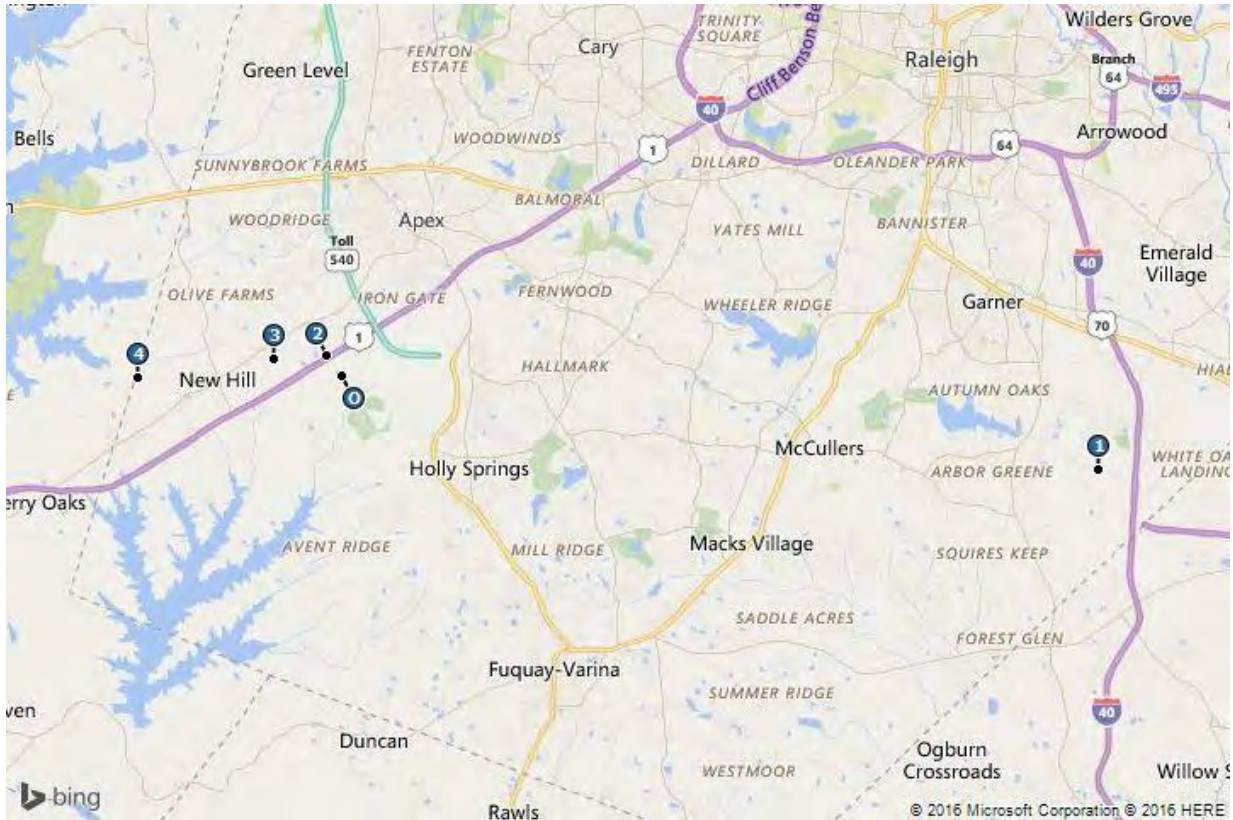
Land Value Conclusion

Prior to adjustment, the sales reflect a range of \$17,805 - \$28,188 per acre. After adjustment, the range is narrowed to \$20,369 - \$23,002 per acre, with an average of \$21,772 per acre. We place primary weight on Sales 1, 2 and 4 for requiring the least adjustment, and arrive at a land value conclusion as follows:

Land Value Conclusion	
Indicated Value per Acre	\$21,500
Subject Acres	<u>366.82</u>
Indicated Value	\$7,886,630
Rounded	\$7,890,000

Summary of Comparable Land Sales - Northwestern Portion							
No.	Name/Address	Sale Date; Status	Effective Sale Price	SF; Acres	Zoning	\$/SF Land	\$/Acre
1	97.70 Acres New Bethel Church Rd Garner Wake County NC Tax ID: 0009413, 0009357, 0009358, 0009362, 0009423, 0003033, 0177658 Grantor: Phyllis B. King et.al. Grantee: Oak Park Investors LLC <i>Comments: Buyer plans to develop the site with single-family residential subdivision.</i>	May-16 Closed	\$2,754,000	4,255,812 97.70	Residential	\$0.65	\$28,188
2	3426 Winding Way 3426 Winding Way Apex Wake County NC Tax ID: 0730-14-3907 Grantor: Jerry L. Bynum et.al. Grantee: Bentley J. Olive et.al. <i>Comments: The buyer confirmed the sales price reflected in public records is accurate. However, he would not disclose future plans for the site or if utilities were extended. According to Wake County GIS, it appears utilities are not yet extended to the site, but are available to other lots further up Winding Way at the time of sale.</i>	Dec-15 Closed	\$310,000	711,335 16.33	Residential Rural	\$0.44	\$18,983
3	3429 Bosco 3429 Bosco Rd. New Hill Wake County NC Tax ID: 0720-55-6175 Grantor: Joseph W. Walker Jr. et.al Grantee: Preferred Piedmont Fund I LLC <i>Comments: Property will be developed for some sort of residential use. The broker could not remember how many units the buyer plans to develop on site.</i>	May-15 Closed	\$1,650,000	4,036,705 92.67	Residential	\$0.41	\$17,805
4	Vacant land - 39.617 acres 428 Bob Horton Rd. Apex Chatham County NC Tax ID: 17934 Grantor: Elizabeth C. Nowell Family Limited Partnership Grantee: Harry H. Hunt III <i>Comments: Property is mostly wooded with a small pond. No immediate development plans, buyer's son indicated it will most likely be used for a personal home in the near future.</i>	Sep-14 Closed	\$709,000	1,725,717 39.62	Residential	\$0.41	\$17,896
	Subject 425.52 +/- Acres of Land Apex, NC			2,556,972 58.70	Residential		

Comparable Land Sales Map



425.52 +/- Acres of Land





Sale 1
97.70 Acres



Sale 2
3426 Winding Way



Sale 3
3429 Bosco



Sale 4
Vacant land - 39.617 acres

425.52 +/- Acres of Land



Analysis and Adjustment of Sales

The sales are compared to the subject and adjusted to account for material differences that affect value. Adjustments are considered for the following factors, in the sequence shown below.

Adjustment Factor	Accounts For	Comments
Effective Sale Price	Atypical economics of a transaction, such as demolition cost or expenditures by buyer at time of purchase.	No adjustment needed.
Real Property Rights	Fee simple, leased fee, leasehold, partial interest, etc.	No adjustment needed.
Financing Terms	Seller financing, or assumption of existing financing, at non-market terms.	No adjustment needed.
Conditions of Sale	Extraordinary motivation of buyer or seller, assemblage, forced sale.	No adjustment needed.
Market Conditions	Changes in the economic environment over time that affect the appreciation and depreciation of real estate.	A 3.0% annual market conditions adjustment was applied to account for appreciation trends in the market.
Location	Market or submarket area influences on sale price; surrounding land use influences.	Sale 1 received a downward adjustment for having a superior location.
Access/Exposure	Convenience to transportation facilities; ease of site access; visibility; traffic counts.	Sale 4 received an upward adjustment for having inferior access and exposure.
Size	Inverse relationship that often exists between parcel size and unit value.	Sale 2 received a downward adjustment for being a smaller size.
Shape and Topography	Primary physical factors that affect the utility of a site for its highest and best use.	Sales 2 and 4 received downward adjustments for not being impacted by flood plains. Sale 3 received an upward adjustment for having an inferior shape.
Zoning	Government regulations that affect the types and intensities of uses allowable on a site.	Sales 2 and 4 required upward adjustments for having zonings that allow for lesser densities.
Entitlements	The specific level of governmental approvals attained pertaining to	No adjustment needed.

Adjustment Factor	Accounts For	Comments
	development of a site.	

The following table summarizes the adjustments we make to each sale.

Land Sales Adjustment Grid - Northwestern Portion					
	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Name	425.52 +/- Acres of Land	97.70 Acres	3426 Winding Way	3429 Bosco	Vacant land - 39.617 acres
Address	Woods Creek Road	New Bethel Church Rd	3426 Winding Way	3429 Bosco Rd.	428 Bob Horton Rd.
City	Apex	Garner	Apex	New Hill	Apex
County	Wake	Wake	Wake	Wake	Chatham
State	North Carolina	NC	NC	NC	NC
Sale Date		May-16	Dec-15	May-15	Sep-14
Sale Status		Closed	Closed	Closed	Closed
Sale Price		\$2,754,000	\$310,000	\$1,650,000	\$709,000
Description of Adjustment					
Effective Sale Price		\$2,754,000	\$310,000	\$1,650,000	\$709,000
Square Feet	2,556,972	4,255,812	711,335	4,036,705	1,725,717
Acres	58.70	97.70	16.33	92.67	39.62
Zoning Code	LB	R-9/Garner	RR/Apex	R-30/Wake Co.	R-1/Chatham Co.
Flood Plain	Yes	Yes	No	Yes	No
Sewer	No	No	No	No	No
Water	No	No	No	No	No
Electricity	Yes	Yes	Yes	Yes	Yes
Price per Acre		\$28,188	\$18,983	\$17,805	\$17,896
Property Rights		Fee Simple	Fee Simple	Fee Simple	Fee Simple
% Adjustment		-	-	-	-
Financing Terms		Cash to seller	Cash to seller	Cash to seller	Cash to seller
% Adjustment		-	-	-	-
Conditions of Sale		Arm's Length	Arm's Length	Arm's Length	Arm's Length
% Adjustment		-	-	-	-
Market Conditions	11/14/2016	May-16	Dec-15	May-15	Sep-14
Annual % Adjustment	3%	2%	3%	4%	6%
Cumulative Adjusted Price		\$28,752	\$19,553	\$18,517	\$18,970
Location		-10%	-	-	-
Access/Exposure		-	-	-	5%
Size		-	-5%	-	-
Shape and Topography		-	-5%	20%	-5%
Zoning		-	20%	-	20%
Entitlements/Utilities		-	-	-	-
Net \$ Adjustment		-\$2,875	\$1,955	\$3,703	\$3,794
Net % Adjustment		-10%	10%	20%	20%
Final Adjusted Price		\$25,877	\$21,508	\$22,221	\$22,764
Overall Adjustment		-8%	13%	25%	27%
Range of Adjusted Prices		\$21,508 - \$25,877			
Average		\$23,093			
Indicated Value		\$24,000			

Land Value Conclusion

Prior to adjustment, the sales reflect a range of \$17,805 - \$28,188 per acre. After adjustment, the range is narrowed to \$21,508 - \$25,877 per acre, with an average of \$23,093 per acre. We place primary emphasis on Sales 1 and 2 for requiring the least adjustment, and arrive at a land value conclusion as follows:

Land Value Conclusion

Indicated Value per Acre	\$24,000
Subject Acres	58.70
Indicated Value	\$1,408,800
Rounded	\$1,410,000

Reconciliation and Conclusion of Value

As discussed previously, we use only the sales comparison approach in developing an opinion of value for the subject. The cost and income approaches are not applicable, and are not used.

Based on the preceding valuation analysis and subject to the definitions, assumptions, and limiting conditions expressed in the report, our value opinion follows:

Value Conclusions			
Parcel	Interest Appraised	Date of Value	Value Conclusion
Southeastern Portion	Fee Simple	November 14, 2016	\$7,890,000
Northwestern Portion	Fee Simple	November 14, 2016	\$1,410,000
Total			\$9,300,000
Rounded			\$9,300,000

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

1. We assume the northwest portion of the subject is not landlocked, and has access to Winding Way through a right-of-way stub out parcel with the parcel ID: 0730-25-1655.

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. None

Exposure Time

Exposure time is the length of time the subject property would have been exposed for sale in the market had it sold on the effective valuation date at the concluded market value. Based on the concluded market value stated previously, it is our opinion that the probable exposure time is 6 to 12 months.

Marketing Period

Marketing time is an estimate of the amount of time it might take to sell a property at the concluded market value immediately following the effective date of value. We estimate the subject's marketing period at 6 to 12 months.

Certification

We certify that, to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. We have not performed any services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
5. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice as well as applicable state appraisal regulations.
9. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
11. Ian J. Searle made a personal inspection of the property that is the subject of this report. M. Scott Smith, MAI, has personally inspected the subject. Chris R. Morris, MAI, FRICS, has not personally inspected the subject, but did review the contents of this report.
12. Significant real property appraisal assistance was provided by Ian J. Searle who has signed this certification.
13. We have experience in appraising properties similar to the subject and are in compliance with the Competency Rule of USPAP.

14. As of the date of this report, M. Scott Smith, MAI, and Chris R. Morris, MAI, FRICS, have completed the continuing education program for Designated Members of the Appraisal Institute.



Ian J. Searle
Registered Trainee Real Estate Appraiser
North Carolina Certificate # T5843



M. Scott Smith, MAI
Certified General Real Estate Appraiser
North Carolina Certificate # A7627



Chris R. Morris, MAI, FRICS
Certified General Real Estate Appraiser
North Carolina Certificate # A266

Assumptions and Limiting Conditions

This appraisal and any other work product related to this engagement are limited by the following standard assumptions, except as otherwise noted in the report:

1. The title is marketable and free and clear of all liens, encumbrances, encroachments, easements and restrictions. The property is under responsible ownership and competent management and is available for its highest and best use.
2. There are no existing judgments or pending or threatened litigation that could affect the value of the property.
3. There are no hidden or undisclosed conditions of the land or of the improvements that would render the property more or less valuable. Furthermore, there is no asbestos in the property.
4. The revenue stamps placed on any deed referenced herein to indicate the sale price are in correct relation to the actual dollar amount of the transaction.
5. The property is in compliance with all applicable building, environmental, zoning, and other federal, state and local laws, regulations and codes.
6. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

This appraisal and any other work product related to this engagement are subject to the following limiting conditions, except as otherwise noted in the report:

1. An appraisal is inherently subjective and represents our opinion as to the value of the property appraised.
2. The conclusions stated in our appraisal apply only as of the effective date of the appraisal, and no representation is made as to the effect of subsequent events.
3. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated.
4. No environmental impact studies were either requested or made in conjunction with this appraisal, and we reserve the right to revise or rescind any of the value opinions based upon any subsequent environmental impact studies. If any environmental impact statement is required by law, the appraisal assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.
5. Unless otherwise agreed to in writing, we are not required to give testimony, respond to any subpoena or attend any court, governmental or other hearing with reference to the property without compensation relative to such additional employment.
6. We have made no survey of the property and assume no responsibility in connection with such matters. Any sketch or survey of the property included in this report is for illustrative purposes only and should not be considered to be scaled accurately for size. The appraisal

- covers the property as described in this report, and the areas and dimensions set forth are assumed to be correct.
7. No opinion is expressed as to the value of subsurface oil, gas or mineral rights, if any, and we have assumed that the property is not subject to surface entry for the exploration or removal of such materials, unless otherwise noted in our appraisal.
 8. We accept no responsibility for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal descriptions and other legal matters such as legal title, geologic considerations such as soils and seismic stability; and civil, mechanical, electrical, structural and other engineering and environmental matters. Such considerations may also include determinations of compliance with zoning and other federal, state, and local laws, regulations and codes.
 9. The distribution of the total valuation in the report between land and improvements applies only under the reported highest and best use of the property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used. The appraisal report shall be considered only in its entirety. No part of the appraisal report shall be utilized separately or out of context.
 10. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or any reference to the Appraisal Institute) shall be disseminated through advertising media, public relations media, news media or any other means of communication (including without limitation prospectuses, private offering memoranda and other offering material provided to prospective investors) without the prior written consent of the persons signing the report.
 11. Information, estimates and opinions contained in the report and obtained from third-party sources are assumed to be reliable and have not been independently verified.
 12. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute predictions of future operating results.
 13. If the property is subject to one or more leases, any estimate of residual value contained in the appraisal may be particularly affected by significant changes in the condition of the economy, of the real estate industry, or of the appraised property at the time these leases expire or otherwise terminate.
 14. Unless otherwise stated in the report, no consideration has been given to personal property located on the premises or to the cost of moving or relocating such personal property; only the real property has been considered.
 15. The current purchasing power of the dollar is the basis for the values stated in the appraisal; we have assumed that no extreme fluctuations in economic cycles will occur.
 16. The values found herein are subject to these and to any other assumptions or conditions set forth in the body of this report but which may have been omitted from this list of Assumptions and Limiting Conditions.
 17. The analyses contained in the report necessarily incorporate numerous estimates and assumptions regarding property performance, general and local business and economic

- conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will vary from our estimates, and the variations may be material.
18. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific survey or analysis of the property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. We claim no expertise in ADA issues, and render no opinion regarding compliance of the subject with ADA regulations. Inasmuch as compliance matches each owner's financial ability with the cost to cure the non-conforming physical characteristics of a property, a specific study of both the owner's financial ability and the cost to cure any deficiencies would be needed for the Department of Justice to determine compliance.
 19. The appraisal report is prepared for the exclusive benefit of the Client, its subsidiaries and/or affiliates. It may not be used or relied upon by any other party. All parties who use or rely upon any information in the report without our written consent do so at their own risk.
 20. No studies have been provided to us indicating the presence or absence of hazardous materials on the subject property or in the improvements, and our valuation is predicated upon the assumption that the subject property is free and clear of any environment hazards including, without limitation, hazardous wastes, toxic substances and mold. No representations or warranties are made regarding the environmental condition of the subject property. Integra Realty Resources – Raleigh, Integra Realty Resources, Inc., Integra Strategic Ventures, Inc. and/or any of their respective officers, owners, managers, directors, agents, subcontractors or employees (the "Integra Parties"), shall not be responsible for any such environmental conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because we are not experts in the field of environmental conditions, the appraisal report cannot be considered as an environmental assessment of the subject property.
 21. The persons signing the report may have reviewed available flood maps and may have noted in the appraisal report whether the subject property is located in an identified Special Flood Hazard Area. We are not qualified to detect such areas and therefore do not guarantee such determinations. The presence of flood plain areas and/or wetlands may affect the value of the property, and the value conclusion is predicated on the assumption that wetlands are non-existent or minimal.
 22. Integra Realty Resources – Raleigh is not a building or environmental inspector. Integra Raleigh does not guarantee that the subject property is free of defects or environmental problems. Mold may be present in the subject property and a professional inspection is recommended.
 23. The appraisal report and value conclusions for an appraisal assume the satisfactory completion of construction, repairs or alterations in a workmanlike manner.
 24. It is expressly acknowledged that in any action which may be brought against any of the Integra Parties, arising out of, relating to, or in any way pertaining to this engagement, the

- appraisal reports, and/or any other related work product, the Integra Parties shall not be responsible or liable for any incidental or consequential damages or losses, unless the appraisal was fraudulent or prepared with intentional misconduct. It is further acknowledged that the collective liability of the Integra Parties in any such action shall not exceed the fees paid for the preparation of the appraisal report unless the appraisal was fraudulent or prepared with intentional misconduct. Finally, it is acknowledged that the fees charged herein are in reliance upon the foregoing limitations of liability.
25. Integra Realty Resources – Raleigh, an independently owned and operated company, has prepared the appraisal for the specific intended use stated elsewhere in the report. The use of the appraisal report by anyone other than the Client is prohibited except as otherwise provided. Accordingly, the appraisal report is addressed to and shall be solely for the Client's use and benefit unless we provide our prior written consent. We expressly reserve the unrestricted right to withhold our consent to your disclosure of the appraisal report or any other work product related to the engagement (or any part thereof including, without limitation, conclusions of value and our identity), to any third parties. Stated again for clarification, unless our prior written consent is obtained, no third party may rely on the appraisal report (even if their reliance was foreseeable).
26. The conclusions of this report are estimates based on known current trends and reasonably foreseeable future occurrences. These estimates are based partly on property information, data obtained in public records, interviews, existing trends, buyer-seller decision criteria in the current market, and research conducted by third parties, and such data are not always completely reliable. The Integra Parties are not responsible for these and other future occurrences that could not have reasonably been foreseen on the effective date of this assignment. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance. While we are of the opinion that our findings are reasonable based on current market conditions, we do not represent that these estimates will actually be achieved, as they are subject to considerable risk and uncertainty. Moreover, we assume competent and effective management and marketing for the duration of the projected holding period of this property.
27. All prospective value opinions presented in this report are estimates and forecasts which are prospective in nature and are subject to considerable risk and uncertainty. In addition to the contingencies noted in the preceding paragraph, several events may occur that could substantially alter the outcome of our estimates such as, but not limited to changes in the economy, interest rates, and capitalization rates, behavior of consumers, investors and lenders, fire and other physical destruction, changes in title or conveyances of easements and deed restrictions, etc. It is assumed that conditions reasonably foreseeable at the present time are consistent or similar with the future.

28. The appraisal is also subject to the following:

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

1. We assume the northwest portion of the subject is not landlocked, and has access to Winding Way through a right-of-way stub out parcel with the parcel ID: 0730-25-1655.

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. None
-

Addendum A

Appraiser Qualifications

Chris R. Morris, MAI, FRICS

Experience

Senior Managing Director of Integra Realty Resources-Raleigh. Mr. Morris has been actively engaged in real estate since 1986. He joined Integra after 11 years as a Principal with Shaw Boykin & Morris. Prior to becoming Principal, he was a Staff Appraiser for 6 years with Shaw/Boykin & Associates. Before joining Shaw/Boykin & Associates, Mr. Morris worked as a Staff Appraiser and Utilities Agent for the N.C. Department of Transportation. Mr. Morris has a broad range of experience in valuation and analysis of many types of real estate.

Professional Activities & Affiliations

Member: International Right of Way Association, October 2010
 Board of Director: NC Chapter Appraisal Institute, January 2008 - December 2010
 Member: Appraisal Institute, June 1992
 Royal Institute of Chartered Surveyors, Fellow (FRICS) , June 2012

Licenses

North Carolina, State Certified General Real Estate Appraiser, A266, Expires June 2017
 North Carolina, State Licensed Real Estate Broker, 084603, Expires June 2017
 South Carolina, State Certified General Real Estate Appraiser, CG 6958, Expires June 2018
 Virginia, State Certified General Real Estate Appraiser, 4001 015036, Expires August 2018

Education

Phillips Academy, Andover, MA (1979)

B.A. Degrees, Economics and Organizational Behavior & Management, Brown University, Providence, RI (1984)

Real Estate courses completed are as follows:

Report Writing and Valuation Analysis
 Standards of Professional Practice
 Case Studies in Real Estate Valuation
 Capitalization Theory & Techniques, Part B
 Capitalization Theory & Techniques, Part A
 Residential Valuation
 Basic Valuation Procedures
 Real Estate Appraisal Principles
 Principles of Real Estate Management
 Commercial Real Estate Finance
 Commercial/Industrial Real Estate
 Cost Estimating
 Construction Methods and Materials
 Real Estate Brokerage Operations
 Real Estate Finance
 Real Estate Law
 Fundamentals of Real Estate

Integra Realty Resources Raleigh

8382 Six Forks Road
 Suite 200
 Raleigh, NC 27615

T 919.847.1717
 F 919.847.1714

irr.com





BCD 073270

State of South Carolina
 Department of Labor, Licensing and Regulation
Real Estate Appraisers Board
CHRISTOPHER R MORRIS
 Is hereby entitled in practice as a:
Certified General Appraiser
 License Number: **6958**

Expiration Date: 06/30/2018
POCKET CARD

Laura P. Smith
Administrator



M. Scott Smith, MAI

Experience

Director with Integra Realty Resources - Raleigh. Began appraisal career in September, 2007, working for Integra Realty Resources - Charlotte after employment as a mortgage loan officer.

Specializes in multifamily valuation but has appraised a wide variety of property types including but not limited to: vacant land, industrial, manufacturing and distribution facilities, single and multi-tenant retail properties, general and medical offices, subdivision analyses, gas marts, proposed and existing mixed use developments, and several various special purpose properties.

Professional Activities & Affiliations

Appraisal Institute, Member (MAI) , August 2014

Licenses

North Carolina, State Certified General Real Estate Appraiser, A7627, Expires June 2017
Virginia, State Certified General Real Estate Appraiser, 4001 016353, Expires October 2018

Education

B. S. Degree, Agriculture Business Management, NC State, Raleigh, NC (2004)

Appraisal courses completed are as follows:

R-1 Introduction to Real Estate Appraisal
R-2, Valuation Principles and Practices
R-3, Applied Residential Property Valuation
USPAP, Uniform Standards of Professional Appraisal Practice
Statistics, Modeling and Finance
Argus Discounted Cash Flow Software
General Appraiser Sales Comparison Approach
General Appraiser Site Valuation and Cost Approach
General Appraiser Report Writing and Case Studies
General Appraiser Income Approach, Part I
General Appraiser Income Approach, Part II
General Appraiser Market Analysis and Highest and Best Use
Expert Witness for Commercial Appraisers
Commercial Appraisal Review
Business Practices and Ethics
Advanced Income Capitalization
Advanced Market Analysis and Highest and Best Use
Quantitative Analysis
Advanced Concepts and Case Studies

Integra Realty Resources Raleigh

8382 Six Forks Rd.
Suite 200
Raleigh, NC 27615

T 919.847.1717
F 919.847.1714

irr.com





Ian J. Searle

Experience

Analyst with Integra Realty Resources - Raleigh. Began working with Integra in May of 2015 after completing undergraduate studies at North Carolina State University. Beginning to work with a wide variety of property types including but not limited to: vacant land, industrial, manufacturing and distribution facilities, single and multi-tenant retail properties, and general and medical offices.

Licenses

North Carolina, Registered Trainee, T5843, Expires June 2017

Education

B.S. Degree, Business Management, NC State, Raleigh, NC (2015)

Appraisal courses completed are as follows:

Basic Appraisal Principles
 Basic Appraisal Procedures
 Market Analysis & Highest and Best use
 USPAP, Uniform Standards of Professional Appraisal Practice
 Supervisor/Trainee Course



Integra Realty Resources Raleigh

8382 Six Forks Rd.
 Suite 200
 Raleigh, NC 27615

T 919-847-1717
 F 919-847-1714

irr.com



Integra Realty Resources, Inc.

Corporate Profile

Integra Realty Resources, Inc. offers the most comprehensive property valuation and counseling coverage in North America with 58 independently owned and operated offices located throughout the United States and the Caribbean. Integra was created for the purpose of combining the intimate knowledge of well-established local firms with the powerful resources and capabilities of a national company. Integra offers integrated technology, national data and information systems, as well as standardized valuation models and report formats for ease of client review and analysis. Integra's local offices have an average of 25 years of service in the local market, and virtually all are headed by a Senior Managing Director who is an MAI member of the Appraisal Institute.

A listing of IRR's local offices and their Senior Managing Directors follows:

ATLANTA, GA - Sherry L. Watkins, MAI, FRICS
 AUSTIN, TX - Randy A. Williams, MAI, SR/WA, FRICS
 BALTIMORE, MD - G. Edward Kerr, MAI, MRICS
 BIRMINGHAM, AL - Rusty Rich, MAI, MRICS
 BOISE, ID - Bradford T. Knipe, MAI, ARA, CCIM, CRE, FRICS
 BOSTON, MA - David L. Cary, Jr., MAI, MRICS
 CHARLESTON, SC - Cleveland "Bud" Wright, Jr., MAI
 CHARLOTTE, NC - Fitzhugh L. Stout, MAI, CRE, FRICS
 CHICAGO, IL - Eric L. Enloe, MAI, FRICS
 CINCINNATI/DAYTON, OH - Gary S. Wright, MAI, FRICS, SRA
 CLEVELAND, OH - Douglas P. Sloan, MAI
 COLUMBIA, SC - Michael B. Dodds, MAI, CCIM
 COLUMBUS, OH - Bruce A. Daubner, MAI, FRICS
 DALLAS, TX - Mark R. Lamb, MAI, CPA, FRICS
 DENVER, CO - Brad A. Weiman, MAI, FRICS
 DETROIT, MI - Anthony Sanna, MAI, CRE, FRICS
 FORT WORTH, TX - Gregory B. Cook, SR/WA
 GREENSBORO, NC - Nancy Tritt, MAI, SRA, FRICS
 HARTFORD, CT - Mark F. Bates, MAI, CRE, FRICS
 HOUSTON, TX - David R. Dominy, MAI, CRE, FRICS
 INDIANAPOLIS, IN - Michael C. Lady, MAI, SRA, CCIM, FRICS
 JACKSON, MS - John R. Praytor, MAI
 JACKSONVILLE, FL - Robert Crenshaw, MAI, FRICS
 KANSAS CITY, MO/KS - Kenneth Jagers, MAI, FRICS
 LAS VEGAS, NV - Charles E. Jack IV, MAI
 LOS ANGELES, CA - John G. Ellis, MAI, CRE, FRICS
 LOS ANGELES, CA - Matthew J. Swanson, MAI
 LOUISVILLE, KY - Stacey Nicholas, MAI, MRICS
 MEMPHIS, TN - J. Walter Allen, MAI, FRICS

MIAMI/PALM BEACH, FL - Anthony M. Graziano, MAI, CRE, FRICS
 MINNEAPOLIS, MN - Michael F. Amundson, MAI, CCIM, FRICS
 NAPLES, FL - Carlton J. Lloyd, MAI, FRICS
 NASHVILLE, TN - R. Paul Perutelli, MAI, SRA, FRICS
 NEW JERSEY COASTAL - Halvor J. Egeland, MAI
 NEW JERSEY NORTHERN - Matthew S. Krauser, CRE, FRICS
 NEW YORK, NY - Raymond T. Cirz, MAI, CRE, FRICS
 ORANGE COUNTY, CA - Steve Calandra, MAI
 ORLANDO, FL - Christopher Starkey, MAI, MRICS
 PHILADELPHIA, PA - Joseph D. Pasquarella, MAI, CRE, FRICS
 PHOENIX, AZ - Walter "Tres" Winius III, MAI, FRICS
 PITTSBURGH, PA - Paul D. Griffith, MAI, CRE, FRICS
 PORTLAND, OR - Brian A. Glanville, MAI, CRE, FRICS
 PROVIDENCE, RI - Gerard H. McDonough, MAI, FRICS
 RALEIGH, NC - Chris R. Morris, MAI, FRICS
 RICHMOND, VA - Kenneth L. Brown, MAI, CCIM, FRICS
 SACRAMENTO, CA - Scott Beebe, MAI, FRICS
 ST. LOUIS, MO - P. Ryan McDonald, MAI, FRICS
 SALT LAKE CITY, UT - Darrin W. Liddell, MAI, FRICS, CCIM
 SAN DIEGO, CA - Jeff A. Greenwald, MAI, SRA, FRICS
 SAN FRANCISCO, CA - Jan Kleczewski, MAI, FRICS
 SARASOTA, FL - Carlton J. Lloyd, MAI, FRICS
 SEATTLE, WA - Allen N. Safer, MAI, MRICS
 SYRACUSE, NY - William J. Kimball, MAI, FRICS
 TAMPA, FL - Bradford L. Johnson, MAI, MRICS
 TULSA, OK - Owen S. Ard, MAI
 WASHINGTON, DC - Patrick C. Kerr, MAI, FRICS, SRA
 WILMINGTON, DE - Douglas L. Nickel, MAI, FRICS
 CARIBBEAN/CAYMAN ISLANDS - James Andrews, MAI, FRICS



Addendum B

Property Information

BK 8249PG 1397

PRESENTED
FOR
REGISTRATION

Mail after recording to:
Carolina Power & Light Co.
P. O. 000312
Raleigh, NC 27602
NORTH CAROLINA

99 FEB 17 2019

Drawn by or under the direction of
Smith, Anderson, Blount, Dorsett,
Mitchell & Jernigan, L.L.P. (FCB)

REGISTER OF DEEDS
WAKE COUNTY

Tax ID Nos.: 0183074 and
out of 0067468

WAKE COUNTY

Excise: \$27.00

THIS DEED, made and entered into this 2nd day of February, 1999,
by and between EMILY P. STEPHENSON; HARRY D. STEPHENSON and wife, BOBBIE H.
STEPHENSON; JAMES B. STEPHENSON and wife, THERESA B. STEPHENSON; R. MICHAEL
STEPHENSON and wife, CHERYL STEPHENSON; ROBERT E. STEPHENSON and wife, KATIE W.
STEPHENSON; and THOMAS C. STEPHENSON and wife, LINDA B. STEPHENSON, GRANTORS,
and CAROLINA POWER & LIGHT COMPANY, a North Carolina public service corporation,
GRANTEE;

WITNESSETH:

That GRANTORS, for and in consideration of the sum of Ten Dollars (\$10.00) and other
valuable consideration, receipt of which is hereby duly acknowledged, have bargained and sold, and by
these presents do grant, bargain, sell, and convey unto GRANTEE, its successors and assigns, in fee
simple, the following-described parcels of land:

PARCEL NO. 1

Lying and being in Holly Springs Township, Wake County, North Carolina:

BEGINNING at an iron pipe marking the northeastern corner of a parcel of land
described in a deed from J. M. Stephenson, widower, to Carolina Power & Light
Company, dated May 2, 1972, recorded in Book 2070, page 131, Wake County Registry
and in the western property line of, now or formerly, J. M. Stephenson Heirs, the location
of said iron pipe having North Carolina Coordinates Y=702,447.817 and
X=2,037,758.358; and runs thence North 47 degrees 47 minutes 00 seconds West 220.50
feet to an iron pipe; thence North 14 degrees 28 minutes 21 seconds West 119.39 feet to
an iron pipe; thence South 39 degrees 11 minutes 33 seconds West 274.31 feet to an iron
pipe; thence North 34 degrees 37 minutes 14 seconds West 219.23 feet to an iron pipe;
thence North 05 degrees 25 minutes 49 seconds West 143.05 feet to an iron pipe located
in the southern property line of Carolina Power & Light Company, Parcel 085, Harris
Plant Lands; thence along and with said southern property line of Carolina Power &
Light Company North 89 degrees 26 minutes 36 seconds East 498.81 feet to an iron pipe
marking the northwestern corner of, now or formerly, J. M. Stephenson Heirs; and thence
along and with said western property line, now or formerly, of J. M. Stephenson Heirs

02/15/99
\$27.00
Real Estate
Excise Tax
WAKE COUNTY NC



270

47

8K8249PG1398

South 00 degrees 52 minutes 30 seconds East 378.87 feet to the point of BEGINNING, containing 2.791 acres, more or less, as shown and described on a drawing entitled "RECOMBINATION SURVEY FOR J. M. STEPHENSON HEIRS AND CAROLINA POWER & LIGHT COMPANY," dated July 29, 1998, recorded in Plat Book 1998, page 2134, Wake County Registry; and being a portion of that parcel of land described as the FIRST TRACT in a deed from C. D. Powell, et al., to J. M. Stephenson, et ux., dated October 20th, 1943, recorded in Book 922, page 624, Wake County Registry.

PARCEL NO. 2

Lying and being Buckhorn and Holly Springs Townships, Wake County, North Carolina:

BEGINNING at an iron pipe marking the northwestern corner of a parcel of land described in a deed from J. M. Stephenson, widower to Carolina Power & Light Company, dated May 2, 1972, recorded in Book 2070, page 131, Wake County Registry and in the southern property line of Carolina Power & Light Company, Parcel 085, Harris Plant Lands, the location of said iron pipe having North Carolina Coordinates Y=702,821.351 and X=2,037,205.864; and runs thence South 02 degrees 31 minutes 27 seconds East 348.46 feet to a concrete monument; thence South 66 degrees 27 minutes 02 seconds East 194.83 feet to an iron pipe; thence South 67 degrees 49 minutes 29 seconds West 127.39 feet to an iron pipe; thence South 30 degrees 29 minutes 17 seconds West 204.96 feet to an iron pipe; thence South 05 degrees 52 minutes 31 seconds East 181.62 feet to an iron pipe; thence South 01 degrees 59 minutes 39 seconds West 105.84 feet to an iron pipe; thence South 38 degrees 55 minutes 40 seconds West 236.85 feet to an iron pipe located in the eastern property line of Carolina Power & Light Company, Parcel 066, Harris Plant Lands; thence along and with said eastern property line of Carolina Power & Light Company North 07 degrees 55 minutes 27 seconds East 1132.04 feet to an iron pipe in a light wood stump marking the northeastern corner of Carolina Power & Light Company, Parcel 066, Harris Plant Lands, and in the southern property line of Carolina Power & Light Company, Parcel 085, Harris Plant Lands; and runs thence along and with said southern property line of Carolina Power & Light Company North 88 degrees 39 minutes 35 seconds East 5.86 feet to the point of BEGINNING, containing 2.179 acres, more or less, as shown and described on the above-referenced drawing; and being a portion of the land described in a deed from C. D. Powell, et al., to J. M. Stephenson, et ux., dated October 20th, 1943, recorded in Book 922, page 624, Wake County Registry.

TO HAVE AND TO HOLD the above-described parcels of land, together with all privileges and appurtenances thereunto belonging, to GRANTEE, its successors and assigns, in fee simple forever.

GRANTORS, for themselves, their heirs, executors, and administrators, do hereby covenant with GRANTEE, its successors and assigns, that GRANTORS are seized of the above-described parcels of land in fee simple, and have the right to convey the same in fee simple; that title is marketable and free and clear from all liens and encumbrances, except for any encumbrances, including but not limited to

BK 8249PG 1399

road, railroad, utility or other rights-of-way or easements of record and any lien for ad valorem taxes not yet due and payable; and that GRANTORS will warrant and forever defend the title thereto against the lawful claims of all persons whomsoever.

IN WITNESS WHEREOF, GRANTORS have hereunto set their hands and affixed their seals, the day and year first above written.

 (SEAL)
EMILY P. STEPHENSON

 (SEAL)
HARRY D. STEPHENSON

 (SEAL)
BOBBIE H. STEPHENSON

 (SEAL)
JAMES B. STEPHENSON

 (SEAL)
THERESA B. STEPHENSON

 (SEAL)
R. MICHAEL STEPHENSON

 (SEAL)
CHERYL STEPHENSON

 (SEAL)
ROBERT E. STEPHENSON

 (SEAL)
KATIE W. STEPHENSON

 (SEAL)
THOMAS C. STEPHENSON

 (SEAL)
LINDA B. STEPHENSON

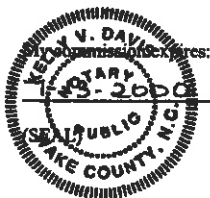
BK8249PG1400

NORTH CAROLINA

Wake COUNTY

I, Kelly V. Davis, a Notary Public within and for
Wake County, North Carolina, do hereby certify that EMILY P. STEPHENSON,
 personally appeared before me this day and acknowledged the due execution of the foregoing DEED.

Witness my hand and official stamp or seal, this 2 day of Feb., 1999.



Kelly V. Davis
 Notary Public

NORTH CAROLINA

Wake COUNTY

I, Kelly V. Davis, a Notary Public within and for
Wake County, North Carolina, do hereby certify that HARRY D. STEPHENSON and
 wife, BOBBIE H. STEPHENSON personally appeared before me this day and acknowledged the due
 execution of the foregoing DEED.

Witness my hand and official stamp or seal, this 2 day of Feb., 1999.

My commission expires:

7-13-2000

Kelly V. Davis
 Notary Public

BK 8249PG1401

NORTH CAROLINA

Wake

I, Kelly V. Davis, a Notary Public within and for
Wake County, North Carolina, do hereby certify that JAMES B. STEPHENSON and
 wife, THERESA B. STEPHENSON personally appeared before me this day and acknowledged the due
 execution of the foregoing DEED.

Witness my hand and official stamp or seal, this 2 day of Feb., 1999.



Kelly V. Davis
 Notary Public

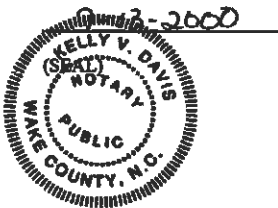
NORTH CAROLINA

Wake

I, Kelly V. Davis, a Notary Public within and for
Wake County, North Carolina, do hereby certify that R. MICHAEL STEPHENSON
 and wife, CHERYL STEPHENSON personally appeared before me this day and acknowledged the due
 execution of the foregoing DEED.

Witness my hand and official stamp or seal, this 10 day of February, 1999.

My commission expires:



BM 8249PG1402

NORTH CAROLINA

Wake

I, Kelly V. Davis, a Notary Public within and for Wake County, North Carolina, do hereby certify that ROBERT E. STEPHENSON and wife, KATIE W. STEPHENSON personally appeared before me this day and acknowledged the due execution of the foregoing DEED.

Witness my hand and official stamp or seal, this 2 day of Feb., 1999.



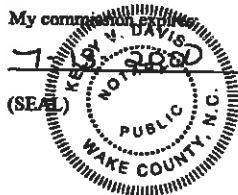
Kelly V. Davis
Notary Public

NORTH CAROLINA

Wake

I, Kelly V. Davis, a Notary Public within and for Wake County, North Carolina, do hereby certify that THOMAS C. STEPHENSON and wife, LINDA B. STEPHENSON personally appeared before me this day and acknowledged the due execution of the foregoing DEED.

Witness my hand and official stamp or seal, this 2 day of Feb., 1999.



Kelly V. Davis
Notary Public

BK 8249PG1403

NORTH CAROLINA

WAKE COUNTY

The foregoing Certificate of _____, a Notary Public, is

NORTH CAROLINA — WAKE COUNTY

The foregoing certificate is of _____

Kelly V. Davis

Notary Public

is (are) certified to be correct. The instrument and this certificate are duly registered at the date and time and in the book and page shown on the first page hereof.

LAURA M. BIDDICK, Register of Deeds

By _____

Laura M. Biddick
Register of Deeds


[Home](#)

Wake County Real Estate Data Account Summary

[iMaps](#)
[Tax Bills](#)
[Account Search](#)
Real Estate ID **0292227**PIN # **0730634462**Location Address
0 WOODS CREEK RDProperty Description
PROP CP&L SHEARON HARRIS NUCLEAR PLANT S
[Pin/Parcel History](#) [Search Results](#) [New Search](#)
[NORTH CAROLINA](#) [Account](#) | [Buildings](#) | [Land](#) | [Deeds](#) | [Notes](#) | [Sales](#) | [Photos](#) | [Tax Bill](#) | [Map](#)

Property Owner DUKE ENERGY PROGRESS INC (Use the Deeds link to view any additional owners)		Owner's Mailing Address TAX DEPT - DEC41B 550 S TRYON ST CHARLOTTE NC 28202-4200	Property Location Address 0 WOODS CREEK RD APEX NC 27539-0000
Administrative Data Old Map # 812-00000-0000 Map/Scale 0730 04 VCS SWHS001 City HOLLY SPRINGS Fire District Township BUCKHORN Land Class ST-AESS ETJ HS Spec Dist(s) Zoning LB History ID 1 History ID 2 Acreage 425.52 Permit Date 7/7/1998 Permit # 0000002699		Transfer Information Deed Date 5/29/2013 Book & Page 15289 2437 Revenue Stamps Pkg Sale Date Pkg Sale Price Land Sale Date Land Sale Price Improvement Summary Total Units 0 Recycle Units 0 Apt/SC Sqft Heated Area	Assessed Value Land Value Assessed \$14,695,799 Bldg. Value Assessed Tax Relief Land Use Value Use Value Deferment Historic Deferment Total Deferred Value Use/Hist/Tax Relief Assessed Total Value Assessed* \$14,695,799

*Wake County assessed building and land values reflect the market value as of January 1, 2016, which is the date of the last county-wide revaluation. Any inflation, deflation or other economic changes occurring after this date does not affect the assessed value of the property and cannot be lawfully considered when reviewing the value for adjustment.

The January 1, 2016 values will remain in effect until the next county-wide revaluation. Until that time, any real estate accounts created or new construction built is assessed according to the 2016 Schedule of Values.

For questions regarding the information displayed on this site, please contact the Revenue Department at RevHelp@wakegov.com or call 919-856-5400.

Addendum C

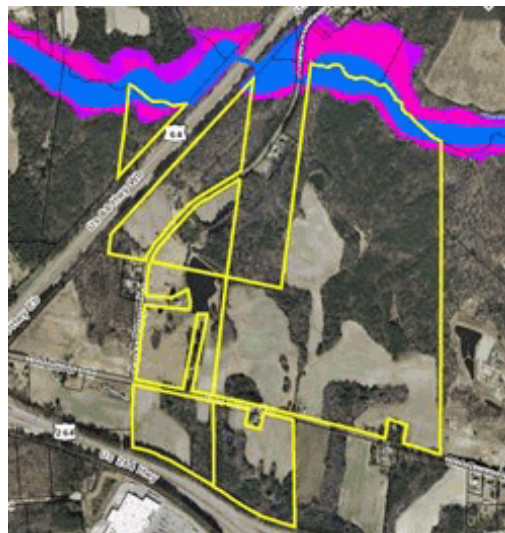
Comparable Data

Land Sale Profile

Sale No. 1

Location & Property Identification

Property Name: 209.66 of Land
 Sub-Property Type: Residential
 Address: 601 Parks Village and 1745 Old Bunn Rd.
 City/State/Zip: Zebulon, NC 27597
 County: Wake
 Market Orientation: Rural
 IRR Event ID: 1386530



Proposed Use Desc.: Residential

Sale Information

Sale Price: \$4,000,000
 Effective Sale Price: \$4,000,000
 Sale Date: 08/01/2016
 Sale Status: Closed
 \$/Acre(Gross): \$19,079
 \$/Land SF(Gross): \$0.44
 \$/Acre(Usable): \$20,136
 \$/Land SF(Usable): \$0.46
 Grantor/Seller: Camp Kanata Development, LLC
 Grantee/Buyer: 264 Investments, LLC
 Property Rights: Fee Simple
 % of Interest Conveyed: 100.00
 Financing: Cash to seller
 Terms of Sale: Arm's Length
 Document Type: Deed
 Recording No.: 16478/1190
 Verified By: Ian J. Searle
 Verification Date: 11/23/2016
 Confirmation Source: Mike E. Jordan, Jordan Built Homes, 919-266-4966
 Verification Type: Confirmed-Buyer

Improvement and Site Data

MSA: Raleigh-Cary, NC Metropolitan Statistical Area
 Legal/Tax/Parcel ID: 0010041, 0010042, 0010043
 Acres(Usable/Gross): 198.65/209.66
 Land-SF(Usable/Gross): 8,653,194/9,132,790
 Usable/Gross Ratio: 0.95
 Shape: Very Irregular
 Topography: Hilly
 Corner Lot: Yes
 Frontage Desc.: Various
 Zoning Code: R-20 Zebulon and R-30/Wake Co.
 Zoning Desc.: Residential
 Flood Plain: Yes
 Utilities Desc.: Needs electricity, water, and sewer
 Source of Land Info.: Other

Sale Analysis

Current Use at T.O.S.: Vacant
 Proposed Use Change: Yes

Comments

Property will need utilities extended from nearby roads already developed with residential homes. Buyer would not disclose a number for planned or potential units on site.

209.66 of Land



Land Sale Profile

Sale No. 2

Location & Property Identification

Property Name:	97.70 Acres
Sub-Property Type:	Residential, Single Family Land
Address:	New Bethel Church Rd
City/State/Zip:	Garner, NC 27529
County:	Wake
Market Orientation:	Suburban
Property Location:	Located just south of the Clifford Rd and New Bethel Church Rd intersection
IRR Event ID:	1427033



Sale Information

Sale Price:	\$2,754,000
Effective Sale Price:	\$2,754,000
Sale Date:	05/02/2016
Sale Status:	Closed
\$/Acre(Gross):	\$28,188
\$/Land SF(Gross):	\$0.65
\$/Acre(Usable):	\$28,188
\$/Land SF(Usable):	\$0.65
\$/Unit:	\$28,102 /Approved Lot
Grantor/Seller:	Phyllis B. King et.al.
Grantee/Buyer:	Oak Park Investors LLC
Property Rights:	Fee Simple
% of Interest Conveyed:	100.00
Financing:	Cash to seller
Document Type:	Deed
Recording No.:	16372/1299 & 1303
Verified By:	M. Scott Smith, MAI
Verification Date:	11/30/2016
Confirmation Source:	Carl, Royal Oaks, 919-233-3886
Verification Type:	Confirmed-Buyer

Sale Analysis

Current Use at T.O.S.:	Vacant
------------------------	--------

Proposed Use Change:	Yes
Proposed Use Desc.:	Residential

Improvement and Site Data

MSA:	Raleigh-Cary, NC Metropolitan Statistical Area
Legal/Tax/Parcel ID:	0009413, 0009357, 0009358, 0009362, 0009423, 0003033, 0177658
Acres(Usable/Gross):	97.70/97.70
Land-SF(Usable/Gross):	4,255,812/4,255,812
Usable/Gross Ratio:	1.00
No. of Units (Potential):	98
Shape:	Irregular
Topography:	Rolling
Corner Lot:	No
Frontage Feet:	1687
Frontage Desc.:	New Bethel Church Rd
Zoning Code:	R-9/Garner
Zoning Desc.:	Residential
Flood Plain:	Yes
Flood Zone:	Small portion of the southern border is impacted

Utilities:	Electricity
Utilities Desc.:	Needs water and sewer

97.70 Acres



Improvement and Site Data (Cont'd)

Source of Land Info.:	Public Records
-----------------------	----------------

Comments

Buyer plans to develop the site with single-family residential subdivision.



Land Sale Profile

Sale No. 3

Location & Property Identification

Property Name: 191.735 acres - Vacant Land
 Sub-Property Type: Residential
 Address: 3609 NC 751 Hwy.
 City/State/Zip: Apex, NC 27523
 County: Chatham
 Market Orientation: Rural
 IRR Event ID: 1424559



Sale Information

Sale Price: \$3,420,000
 Effective Sale Price: \$3,420,000
 Sale Date: 06/03/2016
 Sale Status: Closed
 \$/Acre(Gross): \$17,837
 \$/Land SF(Gross): \$0.41
 \$/Acre(Usable): \$17,837
 \$/Land SF(Usable): \$0.41
 Grantor/Seller: Carol P. Rigsbee et.al.
 Grantee/Buyer: Marthas Investment LLC
 Property Rights: Fee Simple
 % of Interest Conveyed: 100.00
 Financing: Cash to seller
 Terms of Sale: Arm's length
 Document Type: Deed
 Recording No.: 1861/200
 Verified By: Ian J. Searle
 Verification Date: 11/23/2016
 Confirmation Source: Colin MacNair, Re/Max, 919-795-0328
 Verification Type: Confirmed-Seller Broker

Sale Analysis

Current Use at T.O.S.: Vacant
 Proposed Use Change: Yes
 Proposed Use Desc.: Residential

Improvement and Site Data

MSA: Durham, NC Metropolitan Statistical Area
 Legal/Tax/Parcel ID: 0704-71-5685
 Acres(Usable/Gross): 191.74/191.74
 Land-SF(Usable/Gross): 8,351,976/8,351,976
 Usable/Gross Ratio: 1.00
 Shape: Irregular
 Topography: Rolling
 Corner Lot: No
 Zoning Code: R-1/Chatham Co.
 Zoning Desc.: Residential
 Flood Plain: No
 Utilities Desc.: Needs water, sewer and electricity
 Source of Land Info.: Public Records

Comments

No utilities were extended to the property at the time of sale.

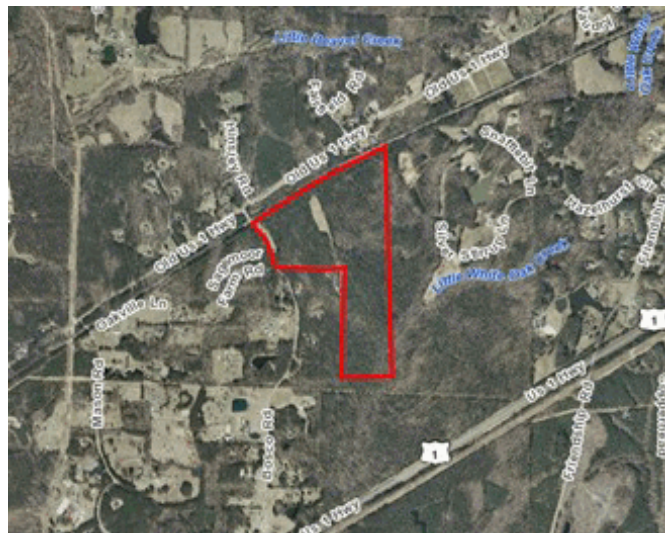
191.735 acres - Vacant Land



Land Sale Profile

Location & Property Identification

Property Name:	3429 Bosco
Sub-Property Type:	Residential, Single Family Land
Address:	3429 Bosco Rd.
City/State/Zip:	New Hill, NC 27562
County:	Wake
Market Orientation:	Suburban
IRR Event ID:	1142844



Proposed Use Desc.: Residential

Sale Information

Sale Price:	\$1,650,000
Effective Sale Price:	\$1,650,000
Sale Date:	05/19/2015
Sale Status:	Closed
\$/Acre(Gross):	\$17,805
\$/Land SF(Gross):	\$0.41
\$/Acre(Usable):	\$18,148
\$/Land SF(Usable):	\$0.42
Grantor/Seller:	Joseph W. Walker Jr. et.al
Grantee/Buyer:	Preferred Piedmont Fund I LLC
Assets Sold:	Real estate only
Property Rights:	Fee Simple
% of Interest Conveyed:	100.00
Financing:	Cash to seller
Document Type:	Deed
Recording No.:	16019/1327
Verified By:	Ian J. Searle
Verification Date:	11/23/2016
Confirmation Source:	NAI Carolantic Realty, 919-832-0594
Verification Type:	Confirmed-Buyer Broker

Improvement and Site Data

MSA:	Raleigh-Cary, NC MSA
Legal/Tax/Parcel ID:	0720-55-6175
Acres(Usable/Gross):	90.92/92.67
Land-SF(Usable/Gross):	3,960,475/4,036,705
Usable/Gross Ratio:	0.98
Shape:	Irregular
Topography:	Rolling
Corner Lot:	No
Frontage Desc.:	Old US 1 Hwy
Zoning Code:	R-30/Wake Co.
Zoning Desc.:	Residential
Flood Plain:	Yes
Flood Zone:	Impacts the southeast corner.
Utilities Desc.:	Needs all utilities
Source of Land Info.:	Public Records

Comments

Property will be developed for some sort of residential use. The broker could not remember how many units the buyer plans to develop on site.

Sale Analysis

Current Use at T.O.S.:	Vacant
Proposed Use Change:	Yes

Addendum D
Engagement Letter

Integra Realty Resources
Raleigh

8382 Six Forks Road
Suite 200
Raleigh, NC 27615

T 919.847.1717
F 919.847.1714
www.irr.com



November 9, 2016

Keith McGuinness, PLS
Sr. Land Strategist
Duke Energy
Duke Energy Center
550 South Tryon Street
Charlotte, NC 28202

SUBJECT: Proposal/Authorization for Valuation and Consulting Services
425.52 +/- Acres in Wake County

Wake County Parcel ID: 0730-63-4462

Dear Mr. McGuinness:

Upon your acceptance of this letter agreement, Integra Realty Resources – Raleigh (“IRR – Raleigh”), will prepare an appraisal of the Subject Property.

The purpose of the appraisal is to provide an opinion of the market value of the fee simple interest in the Subject Property. The intended use of the appraisal is for asset valuation. The use of the appraisal by anyone other than you is prohibited. The appraisal will be prepared in conformance with and subject to, the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute and the *Uniform Standards of Professional Appraisal Practice* (USPAP) developed by the Appraisal Standards Board of the Appraisal Foundation. The Ethics Rule of USPAP requires us to disclose to you any prior services we have performed regarding the Subject Property within a three year period immediately preceding the acceptance of this assignment, either as an appraiser or in any other capacity.

In accordance with our correspondence, the scope of this assignment will require IRR – Raleigh to consider all relevant and applicable approaches to value as determined during the course of our research, Subject Property analysis and preparation of the report.

The appraisal will be communicated in an **Appraisal Report-Standard**. All work will be performed by the undersigned. The appraisal and this letter agreement will be subject to our standard assumptions and limiting conditions a copy of which is attached as Attachment I.

Mr. Keith McGuinness
Duke Energy
November 9, 2016
Page 2

IRR – Raleigh is an independently owned and operated company. The parties hereto agree that Integra Realty Resources, Inc. (“Integra”) shall not be liable for any claim arising out of or relating to any appraisal report or any information or opinions contained therein as such appraisal report is the sole and exclusive responsibility of IRR – Raleigh. In addition, it is expressly agreed that in any action which may be brought against IRR – Raleigh and/or any of its officers, owners, managers, directors, agents, subcontractors or employees (the “Integra Parties”), arising out of, relating to, or in any way pertaining to this engagement letter, the appraisal reports or any related work product, the Integra Parties shall not be responsible or liable for any incidental or consequential damages or losses, unless the appraisal was fraudulent or prepared with intentional misconduct. It is further expressly agreed that the collective liability of the Integra Parties in any such action shall not exceed the fees paid for the preparation of the assignment (unless the appraisal was fraudulent or prepared with intentional misconduct). It is expressly agreed that the fees charged herein are in reliance upon the foregoing limitations of liability.

The total fee for appraisal assignment will be \$3,500 [including expenses] and the delivery date will be three weeks from authorization/engagement, but subject to extension based upon late delivery of the requested data and scheduled access for inspection. The fees will be due and payable within 30 days of the delivery of the reports. It is understood that simple interest of 15% per annum will accrue on any unpaid balance for compensation due, subject to reduction pursuant to any applicable usury law. We shall also be entitled to recover our costs (including attorneys’ fees), associated with collecting any amounts owed or otherwise incurred in connection with this assignment. If the assignment is cancelled by either party prior to completion, you agree to pay us for all our expenses and our time to date based upon the percentage of work completed.

One electronic copy (.pdf) of the report will be provided. Up to three copies of each appraisal report will be provided upon request. The delivery date is contingent upon the absence of events outside our control, timely access for inspection of the Subject Property, as well as our receipt of all requested information necessary to complete the assignment.

Please be advised that we are not experts in the areas of building inspection (including mold), environmental hazards, ADA compliance or wetlands. Therefore, unless we have been provided with appropriate third party expert reports, the appraisals will assume that there are no environmental, wetlands, or ADA compliance problems. The agreed upon fees for our services assume the absence of such issues inasmuch as additional research and analysis may be required. If an expert is required, you are responsible for their selection, payment and actions.

Mr. Keith McGuinness
Duke Energy
November 9, 2016
Page 3

unrestricted basis. Finally, you agree that we may use commercially available as well as proprietary software programs to perform your assignment (web based and others).

If you are in agreement with the terms set forth in this letter and wish us to proceed with the engagement, please sign below and return one copy to us. Thank you for this opportunity to be of service and we look forward to working with you.

Sincerely,

INTEGRA REALTY RESOURCES – RALEIGH



M. Scott Smith, MAI
Director

Attachments

AGREED & ACCEPTED THIS 10TH DAY OF NOVEMBER, 2016.

BY: Duke Energy


AUTHORIZED SIGNATURE

ROBERT J. EARLEY
NAME (PRINT)

ATTACHMENT I

STANDARD ASSUMPTIONS & LIMITING CONDITIONS

The appraisal report and any work product related to the engagement will be limited by the following standard assumptions:

1. The title is marketable and free and clear of all liens, encumbrances, encroachments, easements and restrictions. The Subject Property is under responsible ownership and competent management and is available for its highest and best use.
2. There are no existing judgments or pending or threatened litigation that could affect the value of the Subject Property.
3. There are no hidden or undisclosed conditions of the land or of the improvements that would render the Subject Property more or less valuable. Furthermore, there is no asbestos in the Subject Property.
4. The revenue stamps placed on any deed referenced herein to indicate the sale price are in correct relation to the actual dollar amount of the transaction.
5. The Subject Property is in compliance with all applicable building, environmental, zoning, and other federal, state and local laws, regulations and codes.
6. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

The appraisal report and any work product related to the engagement will be subject to the following limiting conditions, except as otherwise noted in the report:

1. An appraisal is inherently subjective and represents our opinion as to the value of the Subject Property appraised.
2. The conclusions stated in our appraisal apply only as of the effective date of the appraisal, and no representation is made as to the effect of subsequent events.
3. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated.
4. No environmental impact studies were either requested or made in conjunction with this appraisal, and we reserve the right to revise or rescind any of the value opinions based upon any subsequent environmental impact studies. If any environmental impact statement is required by law, the appraisal assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.
5. Unless otherwise agreed to in writing, we are not required to give testimony, respond to any subpoena or attend any court, governmental or other hearing with reference to the Subject Property without compensation relative to such additional employment.

8. We accept no responsibility for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal descriptions and other legal matters such as legal title, geologic considerations, such as soils and seismic stability, and civil, mechanical, electrical, structural and other engineering and environmental matters. Such considerations may also include determinations of compliance with zoning and other federal, state, and local laws, regulations and codes.
9. The distribution of the total valuation in the report between land and improvements applies only under the reported highest and best use of the Subject Property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used. The appraisal report shall be considered only in its entirety. No part of the appraisal report shall be utilized separately or out of context.
10. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or any reference to the Appraisal Institute) shall be disseminated through advertising media, public relations media, news media or any other means of communication (including without limitation prospectuses, private offering memoranda and other offering material provided to prospective investors) without the prior written consent of the persons signing the report.
11. Information, estimates and opinions contained in the report and obtained from third-party sources are assumed to be reliable and have not been independently verified.
12. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute predictions of future operating results.
13. If the Subject Property is subject to one or more leases, any estimate of residual value contained in the appraisal may be particularly affected by significant changes in the condition of the economy, of the real estate industry, or of the Subject Property at the time these leases expire or otherwise terminate.
14. Unless otherwise stated in the report, no consideration has been given to personal property located on the Subject Property or to the cost of moving or relocating such personal property; only the real property has been considered.
15. The current purchasing power of the dollar is the basis for the value stated in the appraisal; we have assumed that no extreme fluctuations in economic cycles will occur.
16. The values found herein are subject to these and to any other assumptions or conditions set forth in the body of this report but which may have been omitted from this list of Assumptions and Limiting Conditions.
17. The analyses contained in the report necessarily incorporate numerous estimates and assumptions regarding property performance, general and local business and economic conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will vary from our estimates, and the variations may be material.
18. The *Americans with Disabilities Act (ADA)* became effective January 26, 1992. We have not made a specific survey or analysis of the Subject Property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. We claim no expertise in ADA issues, and render no opinion regarding compliance of the Subject Property with ADA regulations. Inasmuch as compliance matches each owner's financial ability with the cost to cure the non-conforming physical characteristics of a property, a specific study of both the owner's financial ability and the cost to cure any deficiencies would be needed for the Department of Justice to determine compliance.
19. The appraisal report is prepared for the exclusive benefit of you, your subsidiaries and/or affiliates. It may not be used or relied upon by any other party. All parties who use or rely upon any information in the report without our written consent do so at their own risk.

20. No studies have been provided to us indicating the presence or absence of hazardous materials on the Subject Property or in the improvements, and our valuation is predicated upon the assumption that the Subject Property is free and clear of any environment hazards including, without limitation, hazardous wastes, toxic substances and mold. No representations or warranties are made regarding the environmental condition of the Subject Property. IRR – Local City and/or any of its officers, owners, managers, directors, agents, subcontractors or employees (the “Integra Parties”) shall not be responsible for any such environmental conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because we are not experts in the field of environmental conditions, the appraisal report cannot be considered as an environmental assessment of the Subject Property.
21. The persons signing the report may have reviewed available flood maps and may have noted in the appraisal report whether the Subject Property is located in an identified Special Flood Hazard Area. However, we are not qualified to detect such areas and therefore do not guarantee such determinations. The presence of flood plain areas and/or wetlands may affect the value of the Subject Property, and the value conclusion is predicated on the assumption that wetlands are non-existent or minimal.
22. We are not a building or environmental inspector. The Integra Parties do not guarantee that the Subject Property is free of defects or environmental problems. Mold may be present in the Subject Property and a professional inspection is recommended.
23. The appraisal report and value conclusions for an appraisal assumes the satisfactory completion of construction, repairs or alterations in a workmanlike manner.
24. IRR – Raleigh is an independently owned and operated company. The parties hereto agree that Integra Realty Resources, Inc. (“Integra”) shall not be liable for any claim arising out of or relating to any appraisal report or any information or opinions contained therein as such appraisal report is the sole and exclusive responsibility of IRR – Raleigh. In addition, it is expressly agreed that in any action which may be brought against the Integra Parties arising out of, relating to, or in any way pertaining to the engagement letter, the appraisal reports or any related work product, the Integra Parties shall not be responsible or liable for any incidental or consequential damages or losses, unless the appraisal was fraudulent or prepared with intentional misconduct. It is further expressly agreed that the collective liability of the Integra Parties in any such action shall not exceed the fees paid for the preparation of the assignment (unless the appraisal was fraudulent or prepared with intentional misconduct). It is expressly agreed that the fees charged herein are in reliance upon the foregoing limitations of liability.
25. IRR – Raleigh is an independently owned and operated company, which has prepared the appraisal for the specific intended use stated elsewhere in the report. The use of the appraisal report by anyone other than the Client is prohibited except as otherwise provided. Accordingly, the appraisal report is addressed to and shall be solely for the Client’s use and benefit unless we provide our prior written consent. We expressly reserve the unrestricted right to withhold our consent to your disclosure of the appraisal report or any other work product related to the engagement (or any part

The Integra Parties are not responsible for these and other future occurrences that could not have reasonably been foreseen on the effective date of this assignment. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance. While we are of the opinion that our findings are reasonable based on current market conditions, we do not represent that these estimates will actually be achieved, as they are subject to considerable risk and uncertainty. Moreover, we assume competent and effective management and marketing for the duration of the projected holding period of the Subject Property.

27. All prospective value opinions presented in this report are estimates and forecasts which are prospective in nature and are subject to considerable risk and uncertainty. In addition to the contingencies noted in the preceding paragraph, several events may occur that could substantially alter the outcome of our estimates such as, but not limited to changes in the economy, interest rates, capitalization rates, behavior of consumers, investors and lenders, fire and other physical destruction, changes in title or conveyances of easements and deed restrictions, etc. It is assumed that conditions reasonably foreseeable at the present time are consistent or similar with the future.

As will be determined during the course of the assignment, additional extraordinary or hypothetical conditions may be required in order to complete the assignment. The appraisal shall also be subject to those assumptions.